Unemployment Insurance Review

October–November 1968

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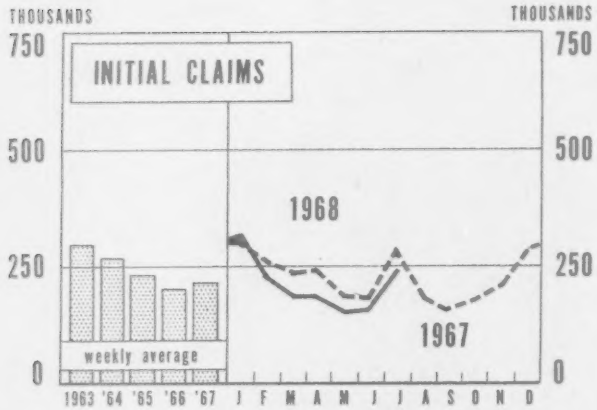
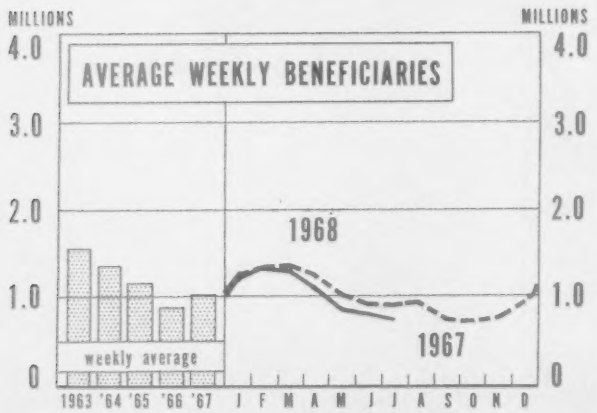
- Managing UI Operations by Objectives
- Federal-State Teams Train Turkish Official
- UI Financial Developments

UNITED STATES DEPARTMENT OF LABOR
Manpower Administration

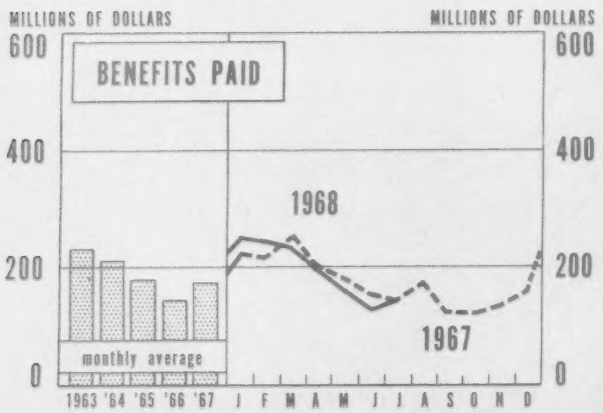
UNEMPLOYMENT INSURANCE ACTIVITIES
UNDER STATE PROGRAMS



During July, initial claims filed under State programs averaged 240,400 per week—an increase of 53 percent from the June figure, but some 16 percent below a year earlier. The volume this July was the lowest for the month since 1955.



The number of beneficiaries receiving payments under State unemployment insurance programs averaged 770,400 during July—23,600 less than the June average, but 136,200 less than the average in July 1967.



In July, benefit payments to jobless workers insured under the State programs totaled $145.6 million compared with $129.5 million in June and $147.3 million in July 1967.

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STATES PASSING MAJOR LEGISLATION CONCERNING UNEMPLOYMENT INSURANCE

State Legislation for 1968

Joseph A. Hickey

Recipients of unemployment insurance benefits in eight States may receive larger benefit payments as a result of amendments passed by their State legislatures this year. Arizona, Louisiana, Maryland, Mississippi, New York, Pennsylvania, South Dakota, and Virginia increased the maximum benefit amounts. Mississippi, New York, Pennsylvania, and Virginia also increased their minimum benefit amounts.

Other legislation passed included amendments that reorganized administrative functions in three States. Several States also revised the qualifications and disqualifications for benefits. In all, 63 bills were enacted out of 282 introduced. Unemployment insurance laws were amended in 20 States, with 15 of those States showing major changes. Nine of the 29 legislatures meeting in regular session adjourned without changing their laws. Six States enacted only one law and three other States enacted two.

The administrative organization was changed in three States—in Colorado, by transferring the functions of the agency to the Department of Labor and Employment; in Louisiana, by establishing the Department of Employment Security, an independent department of the State government, and transferring to it the employment security responsibilities previously discharged by the State Labor Department's now abolished Division of Employment Security; and in California, by abolishing the Department of Employment and transferring its functions to a newly created Department of Human Resources Development located in a new agency, the Human Relations Agency. Four divisions are to be provided within the new department—Appeals, Accounts and Tax Collections, Public Employment Offices and Benefit Payments, and Job Training and Development. With the exception of the Job Training and Development Division, the director of the new department, with the approval of the Secretary of the Human Relations Agency, has the power to reorganize the functions of any of the divisions or to reorganize or abolish the divisions themselves. The bill passed by the California legislature permits a phased reorganization to be implemented as resources permit, starting in November 1968. It requires the changes to be completed by January 1, 1970.

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Benefits

Weekly Benefit Amount (WBA).—Eight States (Arizona, Louisiana, Maryland, Mississippi, New York, Pennsylvania, South Dakota, and Virginia) increased their maximum weekly benefit amount, and four of these (Mississippi, New York, Pennsylvania, and Virginia) also increased their minimum weekly benefit amount.

Arizona, formerly with a WBA of $43, and *Louisiana*, with a WBA of $45, increased their maximum amounts to $50. *Maryland* increased its WBA from $50 to $56 and its partial earnings allowance from $7 to $10. It also increased its allowance per dependent from $2 to $3. *Mississippi* reduced the percentage used in annually computing the maximum WBA from 55 percent to 50 percent of the statewide average weekly wage, but increased the ceiling on the maximum from $30 to $40. Mississippi also adopted a flexible minimum WBA to be computed annually at 15 percent of the statewide average weekly wage. The immediate effect of this amendment was a $2 increase in the minimum benefit to $10. *New York* increased its maximum WBA from $55 to $65 and its minimum from $10 to $20. Pennsylvania increased its maximum award by $15, to $60, and its minimum benefit from $10 to $11. *Rhode Island* increased its allowance per dependent from $3 to $5. *South Dakota* increased its maximum weekly benefit by $2, to $41. *Virginia* raised its maximum WBA from $42 to $48 and its minimum from $16 to $18.

Basic maximum weekly benefit amounts as of October 6, 1968, range from a low of $33 in Puerto Rico to a high of $70 in Connecticut. Thirteen States, with 40.7 percent of the employment covered under the State unemployment insurance laws, have a basic maximum weekly benefit amount of $55 or more. Eight of these, with 36.5 percent of the covered workers, have maximums of $60 or more. Only three States have a maximum below $40. The maximum basic weekly benefit for the median State is now $49, an improvement of $4 over a year ago. In the eight States with over half the covered workers, the maximum weekly benefit amount ranges from $42 to $65, with the median State at a maximum of $53.

The changes in maximum weekly benefit amounts, however, did not represent an improvement when related to average weekly wages. A year ago the maximum weekly benefit represented an average of 50 percent or more of the average weekly wage in 20 States—an increase of two States from the previous year. This year the figure remained at 20. The maximum basic weekly benefit amount in the median State is 46 percent of the average weekly wage, also no improvement over last year.

Qualifying requirements.—Arizona changed its qualifying requirements by providing that an individual shall be eligible for benefits only if he has been paid base-period wages of at least one and one-half times his high-quarter wages and at least $250 in one quarter. Formerly, an individual must have been paid wages of at least 30 times his weekly benefit amount in at least two quarters of his base period. Mississippi, which requires earnings in two quarters of at least 36 times the claimant's weekly benefit amount, added a requirement of 16 times the minimum weekly benefit amount.

New York increased from $15 to $30 the average weekly wages which an individual must have earned in the 20 weeks of employment required to be eligible for benefits, thereby increasing from $300 to $600 the minimum base-period wages needed to qualify. *Virginia* reduced its qualifying requirement from 46 to 40 times the weekly benefit amount and specified that claimants at all benefit levels have earnings in two or more quarters. Since Virginia had increased its minimum WBA from $16 to $18, one effect of this amendment was to reduce minimum qualifying wages from $736 to $720.

Maryland, which required additional earnings before an individual could use lag-period wages for the purpose of qualifying for a second successive benefit year following a single separation from work, amended its provision by deleting the requirement that such earnings must have been earned in insured work.

Other benefit amendments included a change in *Pennsylvania* in the method used in computing the weekly benefit amount from a uniform fraction of $\frac{1}{25}$ of high-quarter wages to a weighted schedule ranging from $\frac{1}{23}$ for claimants at lower benefit levels to $\frac{1}{25}$ for those in upper levels, and a liberalization in the definition of "special unemployment situation" used in triggering in a program for extended benefits in *Puerto Rico*.

No State increased its maximum number of weeks of potential duration or liberalized its duration formula to provide additional weeks of benefits to claimants who qualify for an amount less than the maximum provided under State law. With all but two States, which have less than 2 percent of the workers covered under State unemployment insurance laws, providing a maximum benefit entitlement of at least 26 weeks, there appears to be diminishing interest in program improvements in this area.

Eligibility and Disqualifications

Massachusetts, which adopted a provision in 1965 holding a claimant available for work for 1 week in his benefit year if he became ill or disabled after filing his claim and no suitable work was offered to him, extended the application of this provision from 1 to 2 weeks in 1966 and this year further increased it to 3 weeks.

Arizona changed its disqualification for leaving work without good cause connected with the work or for a discharge for misconduct to the duration of the ensuing unemployment and until the individual has earned wages equal to six times his weekly benefit amount in subsequent employment. Formerly, the disqualification lasted for the 4 weeks immediately following the waiting week and the maximum benefits otherwise payable were reduced by four times the claimant's weekly benefit rate. Arizona also changed its disqualification for refusal of suitable work from the week of occurrence and 5 additional weeks to benefit denial for the duration of the unemployment and until the individual has earned wages in subsequent employment equal to his weekly benefit amount.

The *California* law was amended by providing that an incarcerated individual who is separated from his employment because of his absence from work for a period in excess of 24 hours shall be deemed to have left work voluntarily without good cause if he is convicted of the offense for which he was incarcerated.

The *Louisiana* legislature superseded a recent court decision by providing that, except for the specific disqualification for pregnancy, an individual who is required to leave her employment, either by contract or otherwise on account of pregnancy, shall not be disqualified because of such leaving. The amendment ended a sex-discriminatory interpretation of the Louisiana law.

Massachusetts changed the period of disqualification for refusal of suitable work without good cause from a variable period of 1 to 4 weeks following the week of refusal to a fixed period of 3 weeks after the week of occurrence.

New Jersey repealed its provision (enacted in 1967) for terminating a labor-dispute disqualification after a period of 42 days. Also repealed was the provision excluding lockouts from the labor-dispute disqualification.

New York decreased the minimum period of disqualification for making a false statement to obtain benefits from 20 to 4 effective days.

Louisiana excluded governmental retirement or pension payments from the disqualifying income provisions. The *Virginia* law, which previously was the only one to prohibit specifically the payment of supplemental unemployment benefits without its having an effect on State unemployment insurance benefits, remedied this situation by excluding supplemental unemployment benefits from the definition of wages.

Coverage

There was little legislative activity in expanding unemployment insurance protection to additional workers. *South Dakota* extended coverage to some workers by including in the definition of employment, services performed by officers of a corporation not in receipt of remuneration, but excluded from coverage any employment specifically exempt under the Federal Unemployment Tax Act. Also excluded from coverage were the services of a poll taker or opinion taker under specified conditions in *Massachusetts* and part-time service for nonprofit organizations in *Michigan*. Michigan also amended its law to provide for a determination of liability to be effective retroactively to the beginning of the calendar year. Previously an employer who met the criteria for liability established in the law became subject as of the following January 1st.

Financing

Of the eight States which amended their financing provisions, the most significant changes were a reduction in the maximum rate from 4.3 percent to 4.2 percent in *New Jersey* and a reduction in the minimum rate from 1.6 percent to 1.2 percent in *Rhode Island*. For one of the few times in recent years, no State increased its taxable wage base.

The other amendments concerned primarily the operation of experience-rating provisions and the assignment of rates or rate schedules. *California* provided for an exclusion from charging an employer's account with benefits paid a claimant who, during his base period, was a student employed on a temporary basis and whose employment began within his vacation and ended with his leaving to return to school. California also adopted, and *Michigan* reenacted, provisions allowing an

employer to be credited with contributions paid to another State for services constituting employment under the other State's law. All but four States now have such provisions.

Louisiana added a provision permitting voluntary contributions and provided for a new minimum contribution rate of 0.1 percent in the basic schedule. *Rhode Island* added two lower rate schedules with rates in the lowest schedule ranging from 1.2 to 2.8 percent. *South Dakota* decreased from 3.6 percent to 3.0 percent the highest rate applicable when the most favorable schedule is in effect.

Michigan now requires new employers to be liable to the law for 3 instead of 2 years before qualifying for a reduced rate. Michigan also deleted from its law a provision enacted in 1965 providing for the charging of only a percentage of unemployment benefits to the accounts of small employers; i.e., employers with a 12-month taxable wage of $30,000. Since the 1965 amendment contained a stipulation that it would become effective only if found to be consistent with section 3303 of the Federal Unemployment Tax Act, and such a finding was not made, the provision was never operative. *Michigan* and *Vermont* changed the conditions for assigning rates when one or more employers transfer their business- and experience-rating record to another employer. Vermont also provided that the transfer can be effected only if the acquired business is continued.

Virginia increased the limitation on benefit wages from $4,368 to $4,704.

Other Amendments

Under the *California* law each check or pay order issued must now indicate that State unemployment benefits are paid for by employers. *Louisiana* provided that notice of a nonmonetary determination be delivered to the claimant and the employer from whose employment the disqualification issue arose. Formerly, the claimant's most recent employer and all his base-period employers were notified. *Massachusetts* changed the term of the Director of the Division of Employment Security so that it is now concurrent with the term of the Governor. *Michigan* added the Director of Labor to the Employment Security Commission as an ex officio member.

CHANGES ENACTED IN 1968 IN MINIMUM AND MAXIMUM WEEKLY BENEFIT AMOUNTS AND IN QUALIFYING REQUIREMENTS

State	Percent of 1967 covered workers	Weekly benefit amount				Maximum as percent of 1967 average weekly wage in covered work		Qualifying requirements	
		Minimum		Maximum					
		From	To	From	To	Old	New	From	To
Arizona	0.6	------	------	$43	$50	37.5	43.6	30 times weekly benefit amount; and wages in two quarters.	1½ times high-quarter wages and $250 in one quarter.
Louisiana	1.4	------	------	45	50	40.1	44.5	------	------
Maryland	1.8	------	------	50	56	45.4	50.8	------	------
Mississippi	.8	$8	*$10	30	*40	33.3	44.4	36 times weekly benefit amount; with $130.01 in one quarter and wages in two quarters.	Same; with additional requirement of 16 times minimum high quarter.
New York	11.2	10	20	55	65	41.7	49.2	20 weeks of employment at average of $15 or more (minimum earnings of $300).	20 weeks of employment at average of $30 or more (minimum earnings of $600).
Pennsylvania	6.6	10	11	45	60	39.0	51.9	------	------
South Dakota	.2	------	------	39	41	42.5	44.7	------	------
Virginia	1.9	16	18	42	48	42.0	48.0	46 times weekly benefit amount (minimum earnings of $736).	40 times weekly benefit amount (minimum earnings of $720).

*Minimum weekly benefit amount computed annually at 15 percent of the statewide average weekly wage, but not less than $10. Maximum amount computed annually at 50 percent of statewide average weekly wage, but not to exceed $40.

Managing Unemployment Insurance Operations by Objectives

Frank H. Shirk

A professional golfer, competing for top money in a tournament and facing the 16th hole—"the monster"—has a problem of setting objectives. He knows that par is five strokes, that sixes are more frequent than fours and that he leads or trails his opposition by so many strokes. With these facts and the weather in mind he decides whether to go all out for a four—and risk a six—or to play it safe with a strong probability that he'll shoot a five.

Having made this decision, he must still decide the steps by which he expects to reach this overall objective. Thus he steps up to the tee only after having drawn a mental diagram of the way he hopes to play the hole.

Notice that our competitor has set his overall objective only after assessing his current situation and evaluating the potential benefits and risks (costs) of alternative courses of action. He has also set a series of intermediate objectives and made assignments—in this case to specific golf clubs—for accomplishing them. He will also be able to measure how well each objective is accomplished and to change subsequent objectives and assignments if necessary; and he may change his overall objective if any of his shots stray or exceed his expectations.

This then is a simple model of a system of management by objectives.

What is par? The manager of an enterprise, a program, or a project has a similar set of problems in deciding his course of action for dealing with a given set of circumstances or for a given period of time. But he may not have the golfer's advantage of knowing in advance a measure of what his performance should be. Nonetheless, the concept of "par" is a valuable aid in setting objectives; at least the manager needs some guide—from his own past experience or the experience of similar enterprises—as to what would represent success in an undertaking. And he needs it in terms against which he can measure progress and eventual achievement.

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The director of an unemployment insurance program can easily find a number of expressions of what he should try to achieve in his capacity as manager of an operating system. In the law he administers, the requirements of Federal law or standards, his awareness of the sensitivities of the public he deals with or serves, general expressions abound for his guidance. They can be summarized pretty well so far as operations under his State law are concerned by three statements of what he aims to do:

1. To pay benefits promptly and in correct amount to those—and only those—entitled to them;
2. To collect when due and in proper amount the State unemployment taxes payable by all employers liable under the State laws;
3. To operate at minimum costs commensurate with adequate performance.

Each of these, however, raises such questions as how much, how soon, or how well. The answers are given only in general terms and express either ideal—and not usually attainable—performance or they are stated in relative terms such as "promptly."

For these ideal or relative goals to be meaningful for management purposes, they need to be translated into quantified expressions. This could be done by looking at data on past performance in the particular State and deciding to accept that performance as a criterion of success or to try to improve upon it. It is at this point that the State Unemployment Insurance director should find it easier to arrive at his decision if he has some way of knowing what par is.

The existence of 51 other agencies operating very similar programs appears to offer a good chance of establishing benchmarks of achievement against which a State director can compare his organization's performance. To serve this purpose the national Unemployment Insurance Service has developed a list of measures of performance in a guide for self-evaluation and will analyze data to be submitted by all States by the end of December 1968. Following the advice of most authorities on management systems, the Unemployment Insurance Service will endeavor to set benchmarks or criteria which will represent for most States *achievable improvement.* As an example, one-third of the States issue 85 percent of first payments of benefits within 14 days after the end of the first compensable week. This seems to be an attainable standard and one which the other two-thirds of the States should try to reach.

Setting Objectives

Our State director may decide that 85 percent of payments in 14 days is a desirable aim; but he cannot achieve it merely by wishing, any more than our golfer can wish the ball into the hole. He must first determine what his present performance is. If it is short of the mark, he has to determine why through an examination of processing schedules for each element of his organization which influences timeliness of payments. He may make a detailed analysis of delays on cases which are not on schedule or even have a detailed study made of the methods used in the claims taking, determination, and payment processes.

Rarely will line managers have the time for such detailed investigations nor will they always have the know-how to carry them out. They must have available the services of staff assistants who have both the time and the know-how. This was one of the reasons why management analyst positions were made available to State agencies.

With the facts about schedules and delays established, the director and subordinate managers can now go about examining ways to improve performance. This process should produce agreement between the director and each subordinate as to actions to be taken, a timetable for taking them, ways of measuring improvement, and the degree of improvement to be expected at given points in time. If this process is applied to all significant areas of operations and if each subordinate in turn develops the same understandings with his subordinates, the foundation will have been laid for a system of management by objectives.

Keeping Score

To become a system such as described so far, three additional features are needed. We have provided the inputs—the general aims or goals, the benchmarks or criteria, the fixing and analysis of present status, and the setting of objectives. After plans are translated into action, we shall need to arrange for feedback and reaction.

Our Unemployment Insurance director will need to know at regular intervals what progress has been made and whether it has measured up to established objectives. He should also arrange for

an instant and automatic alert if something slides out of control. Suppose the data processing unit is out of operation for more than 8 hours. This will not be a comforting explanation at the end of the week or the month if the entire plan is off schedule. The director should have established in advance the maximum hours that ADP operations could be suspended before recovery of schedules would be impossible. Then he must assure himself that any greater suspension will be called to his attention as soon as it becomes apparent that the limit will be passed. He may also want to know if any local office or other unit has failed to meet schedules on a specified percent of cases.

By the process of defining standards and error or failure tolerances, the manager can also define the information which he wants called to his attention. He will be well advised to set tolerances so that he will not be called on to deal with more problems than he can handle effectively and he must delegate to others the task of dealing with lesser failures.

This information on progress and exceptions becomes the feedback of the management system.

Changing Objectives

Had our golfer pushed his drive into the trees on the right of Number 16, he might well have found the rest of his plan unworkable. Facing this new situation with a whole new set of risks, he would have to determine a new course of action and he might even have to resign himself to the eventuality that he would exceed par.

Similarly, a manager examining the feedback on progress and exceptions needs to reassess his plans from time to time. Can he still hold to his general or longer-range objective or can be now hope to exceed it? If so, are adjustments needed in any of the intermediate objectives or the plans of any organizational components?

Let's assume that the ADP equipment is running into excessive downtime. This is obviously a situation to which the Unemployment Insurance director must react. Since new equipment cannot be installed overnight, he may have to determine what changes in schedules can be made to minimize shortfalls, whether resources must be diverted to the ADP service or to buy time on a backup facility. He will certainly have to decide whether objectives must be changed and he may have to sacrifice completely some objectives to maintain tolerable schedules on more important ones.

The ADP failure is, of course, a serious obstacle, requires strong reaction, and may force a downgrading of objectives. At the same time, the feedback is loud and clear. Other failures or slippages may arise from more subtle problems—employee morale, supervisory neglect, generally inadequate resources—and provide less certain feedback. Here the director, or his subordinates, will often need prompt and thorough analysis of failures and perhaps the services of a skilled management analyst. And sometimes a slippage or failure will call for no more than prompt exhortation—friendly or forceful as befits the style of the exhorter and the person or group on the receiving end.

Organizational Influences

So far, we have treated the subject of management as if the UI director were managing a completely self-contained organization and thus could control all inside influences on operations. This is not often the case, a fact which modifies the approach to a management system. By looking again at our original simple model, the golfer's approach to the play of a hole, we also see a nearly perfect organization model—one man with a clearly defined task and all the tools to do it.

To the degree that the UI or any other program director must look to organization elements outside his control to contribute to meeting objectives, he will have to share with other managers the responsibility for setting objectives; and they will have to share with him responsibility for meeting them. Thus, complexity of organization is a limiting factor on the degree to which management objectives can deal with end results and the degree to which successively higher levels, and in government the Chief Executive or the public can hold managers accountable for end results.

Obviously, organizational arrangements must still take account of time-honored principles of feasible spans of control, efficient use of resources, and internal checks and balances. Nonetheless, the State administrator who leans too heavily on these or on geographical location, premises occupied, tools or knowledges used, or "motion" specializations to dictate his organization, will find himself severely limited in his potential for delegation, dependent on himself or numerous committees to establish end result objectives, unable to determine accountability for results, and often arbiter of endless finger pointing contests.

Achieving the Possible

The possibilities and techniques of management by objectives are limited by organizational features, by the adequacy of information, by our ability to define par, and often by availability of resources. Obviously, objectives should be set which are achievable within limits of the resources which can be applied to them.

Even more important is the morale factor to be derived from the sense of accomplishment realized by the subordinate who has succeeded reasonably well in delivering what is expected of him—or the sense of frustration if he is called on too often to attempt the impossible.

The author and most of the readers would feel inadequate to the task if we were sent to the 16th tee and told we had to get the ball in the cup within five strokes. Being more realistic, we might set our own par at seven or nine and thus be able to approach the task with all the aplomb of the tournament pro.

Federal-State Teams Train Turkish Officials

Leo H. Fisk

In 1968, we—our American Federal-State unemployment insurance system—trained the Turks in how to manage and operate an unemployment insurance program. For the first time in its history, our Federal-State system undertook the training, in the United States, of the key officials of another country who were elected for the top managerial posts of that country's proposed unemployment insurance program. Foreign officials, professors, students, and others have come to this country before to inspect and study American unemployment insurance. In general, however, their visits have been relatively short and their area of interest related primarily to the program content of American unemployment insurance.

Several years of preliminaries preceded this training program. During that time, Turkish representatives made visits to the United States to study the substantive provisions of American unemployment insurance laws. In January 1967, a Turkish Ministry of Labor staff committee completed a draft of an unemployment insurance law. Later that year, Forest L. Miller, Director of the Unemployment Insurance Service, went to Turkey for 3 months to help plan the proposed unemployment insurance program and to conduct studies to determine the actuarial costs of the program. The trip was at the request of the Turkish gov-

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ernment and under the auspices of the Agency for International Development (AID) technical assistance program.

Training in U.S. Recommended

In his final report to the Turkish government, Miller recommended that: "For the top managerial and technical staff, training in the United States should be provided. This is most important as the concepts and key features of the program are derived from the unemployment insurance in the United States. This training will be intensive in all phases of operations."

Because the Agency for International Development was convinced that the Turkish government proposed to give priority emphasis to the early introduction of unemployment insurance legislation in its Parliament, it sponsored a 13-week training program for three Turkish officials.

The agency stipulated that the trainees were to be exposed to both formal instruction and observation of actual operations in the organization and administration of an unemployment insurance system. The training was to provide an understanding of the system's fundamental principles, technical operating methods, and administrative relationship in order to prepare the students to deal with similar types of organization and administrative situations when such a program is introduced in Turkey.

Training Program Is Developed

Word was received about 6 weeks prior to the arrival of the Turkish officials that the UIS would be given this responsibility.

In addition to the requirements set forth by the AID agreement which established the program, a variety of other factors had to be taken into account in planning the training, such as the staff and facilities available in the national office and conducting and correlating the training with the substantive unemployment insurance program that had been recommended to the Turkish government. In addition, the very nature of the assignment created certain other obstacles.

The language problem was solved by an interpreter furnished us by AID. Another problem was to concentrate the teaching of the national program into 5 weeks. Concepts, methods of operation, limitations, and interprogram relationships all had to be included. It was decided that during the initial training less emphasis could be placed on activities which the trainees would observe later during their 7-week visit to the State offices.

After consultation with certain key members of the UIS staff, major points were agreed upon. All training was to be tailored to dovetail with the draft bill submitted to the Turkish government. The bulk of the formal training time was to be devoted to tax and accounting matters, with the time for all other areas being more or less equally divided. The trainer responsible for the formal in-housing training would accompany the group of Turkish officials to a preselected State agency to point out the actual implementation of the operations discussed during the training period. Priorities would be established so that even within the limitation of the time allocated for formal training, the trainees would learn enough of the basic essentials of each discipline to enable them to observe with a fair degree of understanding the processes they would be viewing in the various State agencies.

Having reached these fundamental decisions, we then began to allocate the training time among the various UIS divisions, determine the subject content of each session, and select the States to be visited.

On May 22, 1968, the three Turkish officials were introduced to us by John Murray, Director of the Office of International Affairs of the Bureau of Employment Security, who served as liaison between BES and AID. The Turks were ready to start the training we had prepared for them. They made inquiries into areas about which we hadn't anticipated interest or knowledge on their part. Such matters included, for example, the construction of a benefit formula and the most productive investment of trust fund moneys.

Training Is Started

Although they had no knowledge of unemployment insurance other than that gained by their careful study of the draft bill (in Turkish), the Turkish group demonstrated quick comprehension, an appreciation for detail, a persistence in mastering unfamiliar concepts, alertness to minute distinctions, and an overpowering determination to learn all that was made available to them. The questions they raised were cogent, searching, and very much on point. They readily grasped the intricacies of the new material to which they were

The three trainees from Turkey receive their certificates of achievement. Man on right is interpreter.

exposed. In fact, the Unemployment Insurance director of one of the State agencies which they visited was so impressed with the Turks that he said he would have been glad to hire them at once in spite of the language barrier.

The Turks also taught the trainers something about modern training methods. At their request they were provided with a tape recorder which was used throughout the daily training sessions to record the questions they raised and the responses which were provided. These tapes were played each evening by the Turks to reinforce their hard-won knowledge and to prepare for the next day's session. These usually began with a series of questions from the Turks to clarify previously learned material prior to proceeding to new matters. The Turks also worked with the tapes over the weekends to keep their new knowledge alive and fresh in their minds and to provide them with the basis for preparing continuing and highly detailed reports to submit to their government upon their return to Turkey.

Of tremendous assistance to the Turks and the national office trainers was the interpreter who, although a Turkish national, had lived in the United States over a period of years, had been educated here, and was conversant with colloquial English. He managed to make meaningful to his fellow compatroits the significance of such deceivingly simple concepts as the "waiting week," an unemployment insurance term for which there is no clear counterpart in Turkish. The same interpreter stayed through the entire course.

In discussions concerning the training schedule and the proposed seven State agency visits, the Turks readily grasped the need for the heavy emphasis on tax and accounting. It was clear to them that contributions would have to be collected, reserves established, and fiscal controls developed before the system could begin to pay benefits. Similarly, they readily agreed to visit States that would demonstrate in actual operation those characteristics which would constitute integral features of their own unemployment insurance law, such as collection of employee contributions, payment of benefits in cash, an organizational structure with line authority from the top unemployment insurance administrator direct to the local office employees who implement the program on a face-to-face level with the public. Also included was the concentrated study of one agency's forms and procedures with regard to monetary determinations, benefit payments, wage records, and benefit payment controls—hence, the selection of such States as Alabama, Arkansas, Arizona, and California. Somewhat less obviously related but nonetheless equally relevant was the selection of the States of Missouri, Maryland, Wisconsin, and Illinois to observe practices pertaining to contributions, local office, and nonmonetary determination operations, respectively.

The Turks were told that although they would be observing the total scope of the unemployment insurance operations in each State, the focal point would be the special element which dictated the selection of the State. A different national office

guide was assigned to accompany each group as they traveled from one State to another. The Turks agreed that this approach would provide them with a diversified exposure each week not only by reason of different operations in each State but because of the need to view the program from a different operating level.

A Welcome from State Agencies

The selected State agencies welcomed the visitors and provided complete observation programs under our general guidelines. They also provided such in-house information as the Turks requested.

In addition, the State agencies arranged for the visitors to meet important State officials and to visit such places as the Grand Canyon, the U.S. Naval Academy, and other points of interest. Through the People-to-People Program, the Turks were invited to visit in the homes of typical American families.

The Turkish officials indicated that much of what they had observed in the States in terms of methods and procedures would be adopted by their government once the unemployment insurance proposal was enacted into law.

During the week of August 12, the Turks again consulted with their national office trainers, reviewed and consolidated their observations, recorded their impressions, and clarified the basic principles governing the administration of our Federal-State program against the diversity of implementation they found in traveling from State to State. During the same week, Mr. Robert C. Goodwin, Administrator of the Bureau of Employment Security, presented each Turkish official with a certificate attesting to his satisfactory completion of a comprehensive and difficult course of training.

In reviewing the total training program which our Turkish visitors undertook for a period of 13 weeks, an official of the Agency for International Development offered the following written comments: "Subject program is one of the most detailed and carefully planned programs that I have seen. . . . Subject program represents a standard that is rarely met . . . but that should and could be approached, given the necessary staff, time, and resources. We would like to see more of them like it. . . . Mr. Miller's interest and efforts are greatly appreciated."

Federal Manpower Legislation

The unemployed and underemployed will benefit from amendments to two major pieces of manpower legislation, the Manpower Development and Training Act of 1962 (MDTA) and the Economic Opportunity Act of 1964 (EOA).

Amendments to the MDTA extend Title II training programs until 1972 and strengthen the role of the States in operating programs. Amendments to the EOA provide for greater involvement of local governments and the poor in work and training programs.

The Manpower Administrator has just issued an Order (No. 12–68) which designates community action agencies as prime sponsors of manpower programs authorized by the Economic Opportunity Act.

The programs directly involved are the Neighborhood Youth Corps, New Careers, and Operation Mainstream, as well as major portions of the Concentrated Employment Program which includes these Economic Opportunity Act programs as part of its overall manpower services delivery system in a community.

Under the new order, the Labor Department's Regional Manpower Administrators must consult with the heads of appropriate local governments—mayors, county judges, or city councils—prior to making all significant decisions concerning the operation of such programs.

The eight Regional Manpower Administrators, and the D.C. Manpower Administrator, have been named keymen in planning and executing the programs.

Unemployment Insurance Financial Developments Fiscal Year 1968 A Summary

Paschal C. Zecca

On June 30, 1968, unemployment insurance reserves of the 50 States and the District of Columbia and Puerto Rico reached a record total of $11.1 billion, an increase of 8.7 percent from a year earlier. This amount represented 6.9 percent of taxable wages and 3.7 percent of total wages paid in covered employment for the fiscal year.[1] (See tables 1 and 2.) At the end of the previous fiscal year, reserves were 6.3 percent of taxable wages and 3.5 percent of total wages.

A measure of reserve-fund adequacy expressed in dollar amounts is not a good measure since the significance of a dollar amount changes over time due to growth in earnings and employment and consequently in potential liabilities of the program. A more reliable measure is provided by comparing reserve levels with projected future costs of the program. This comparison will be made in the discussion on reserves as related to highest costs (reserve multiple). The upward movement of reserves represents the net effect of all financial transactions, principally benefit payments, tax collections, interest credits, and loan transactions. Data on the principal financial items are summarized in the following table:

Item	Fiscal year 1967	Fiscal year 1968	
	Amount (in millions)	Amount (in millions)	Percent change from 1967
Reserves, July 1	$9,003	$10,202	+13.3
Tax collections	2,911	2,599	−10.7
Interest earned	370	423	+14.2
Benefits paid	1,963	2,055	+4.7
Reserves, June 30	10,202	11,093	+8.7

Benefits paid under State laws (excluding Federal programs) amounted to $2.1 billion during

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[1] The 1968 ratios shown in the tables are preliminary since they are based on wage data for the 12 months ending December 31, 1967. When wage data for fiscal year 1968 become available, the ratios will be recomputed and may differ slightly from the preliminary figures.

TABLE 1. SUMMARY OF FINANCIAL ACTIVITIES OF STATE UNEMPLOYMENT INSURANCE FUNDS, FISCAL YEAR 1968
(IN THOUSANDS)

State	Available reserve fund as of June 30, 1967 1/	Revenue during year				Disbursements during year				Available reserve fund as of June 30, 1968 1/
		Total revenue	Contributions collected 2/	Interest earned	Transfers to State accounts 3/	Total disbursements	Benefits paid	Penalties and interest 4/	Transfers out of State accounts 5/	
United States...	$10,202,094	$3,039,937	$2,598,294	$422,502	$19,141	$2,148,734	$2,054,971	$88	$93,675	$11,093,297
Alabama.....	110,104	29,321	24,697	4,537	87	22,653	22,653	--	--	116,772
Alaska.....	20,030	12,081	11,457	624	--	12,087	8,375	--	3,712	20,024
Arizona.....	76,135	20,908	17,669	3,197	42	12,224	12,224	--	--	84,819
Arkansas.....	41,496	15,543	13,756	1,721	66	13,471	13,471	--	--	43,568
California.....	841,470	587,747	550,754	36,630	363	419,286	419,286	--	--	1,009,932
Colorado.....	70,554	10,002	7,122	2,839	41	7,535	7,535	--	--	73,016
Connecticut.....	262,155	64,869	54,083	10,757	29	47,026	47,016	9	1	280,002
Delaware.....	24,831	5,990	5,032	958	--	6,580	6,580	--	--	24,242
Dist. of Col....	70,507	10,341	7,487	2,845	9	7,988	7,988	--	--	72,860
Florida.....	218,115	35,239	26,241	8,866	132	21,947	21,937	--	10	231,407
Georgia.....	238,551	46,054	35,946	9,985	123	18,959	18,957	--	2	265,646
Hawaii.....	26,929	12,564	11,428	1,119	17	8,713	8,713	--	--	30,779
Idaho.....	36,147	9,883	8,345	1,513	25	7,347	7,347	--	--	38,683
Illinois.....	564,910	59,108	36,517	21,895	696	94,136	94,131	--	5	529,883
Indiana.....	239,979	61,073	50,868	10,063	142	34,364	34,364	--	--	266,688
Iowa.....	124,878	16,563	11,443	5,013	107	13,798	13,798	--	--	127,643
Kansas.....	78,606	19,644	16,268	3,285	91	10,644	10,551	--	93	87,606
Kentucky.....	141,980	31,152	25,308	5,844	--	21,441	21,426	--	15	151,690
Louisiana.....	155,554	36,236	29,835	6,268	133	30,742	30,742	--	--	161,048
Maine.....	39,938	10,845	9,122	1,660	63	8,582	8,582	--	--	42,200
Maryland.....	214,936	36,545	27,763	8,782	--	27,214	27,214	--	--	224,268
Massachusetts...	304,845	134,117	121,074	12,927	116	93,072	93,072	--	--	345,890
Michigan.....	624,179	150,166	127,967	22,199	--	203,385	118,529	--	84,856	570,961
Minnesota.....	55,297	46,155	43,326	2,748	81	26,380	26,361	12	7	75,072
Mississippi.....	76,127	12,305	9,088	3,129	88	8,432	8,432	--	--	80,000
Missouri.....	265,847	39,121	28,258	10,595	268	36,076	35,906	--	170	268,892
Montana.....	20,143	6,749	5,882	848	19	5,295	5,295	--	--	21,598
Nebraska.....	46,207	9,665	7,667	1,925	73	6,146	6,146	--	--	49,726
Nevada.....	27,414	12,208	11,041	1,142	25	9,870	9,839	25	6	29,751
New Hampshire...	38,697	7,756	6,095	1,648	13	2,423	2,423	--	--	44,030
New Jersey.....	384,696	174,959	146,396	16,423	12,140	128,934	128,934	--	--	430,721
New Mexico.....	37,905	7,746	6,217	1,529	--	7,529	7,529	--	--	38,122
New York.....	1,500,948	406,494	343,640	61,758	1,096	287,003	285,754	--	1,249	1,620,440
North Carolina..	290,633	61,686	49,436	12,250	--	26,799	26,799	--	--	325,521
North Dakota....	6,157	5,120	4,824	296	--	3,953	3,953	--	--	7,323
Ohio.....	552,299	131,196	107,414	23,316	466	65,728	63,931	1	1,796	617,767
Oklahoma.....	57,513	12,498	10,201	2,297	--	12,353	12,353	--	--	57,658
Oregon.....	113,454	35,991	31,200	4,791	--	27,946	27,946	--	--	121,498
Pennsylvania....	625,781	257,812	229,468	28,343	1	112,296	112,296	--	--	771,297
Puerto Rico.....	70,774	28,036	25,182	2,853	1	21,766	21,766	--	--	77,044
Rhode Island....	68,007	22,490	19,624	2,866	--	14,971	14,971	--	--	75,526
South Carolina..	119,073	27,993	23,032	4,961	--	15,637	15,601	--	36	131,429
South Dakota....	16,244	4,284	2,209	681	1,394	2,915	2,915	--	--	17,614
Tennessee.....	149,884	48,534	42,110	6,329	95	30,953	30,753	--	200	167,465
Texas.....	308,794	525,587	39,644	12,852	91	27,774	26,938	--	836	333,607
Utah.....	39,921	12,415	10,751	1,650	14	10,661	10,661	--	--	41,676
Vermont.....	16,901	8,426	7,655	771	--	4,720	4,635	19	66	20,607
Virginia.....	175,062	23,479	16,047	7,239	193	9,540	9,027	--	513	189,002
Washington.....	271,910	75,753	64,126	11,469	158	39,545	39,524	21	--	308,118
West Virginia...	76,235	21,641	18,130	3,203	308	14,330	14,330	--	--	83,547
Wisconsin.....	250,586	67,158	56,319	10,507	332	43,787	43,684	--	103	273,958
Wyoming.....	12,753	3,689	3,131	555	3	1,783	1,783	--	--	14,660

1/ Represents sum of balances at end of month in States' clearing account and benefit-payment account, and in State Unemployment Trust Fund Account in the U. S. Treasury; State Unemployment Trust Fund balance in U. S. Treasury includes amounts credited to States' accounts in the Unemployment Trust Fund under the provisions of the Employment Security Administrative Financing Act of 1954 as amended. Includes outstanding advances from Federal account in Unemployment Trust Fund as follows:

	June 30, 1967		June 30, 1968
Alaska.....	$7,424,710	Alaska.....	$3,691,451
Michigan.....	71,187,298	Michigan.....	- 0 -

2/ Data represent contributions, penalties, and interest from employers, and contributions from employees in three States (Alabama, Alaska, and New Jersey) which tax workers. Adjusted for refunds and for dishonored contribution checks.

3/ Includes amount of reimbursements from the Federal Extended Compensation Account (TEC Act of 1961), Manpower Development Training Act of 1962 as amended, and the Temporary Unemployment Compensation Act of 1958 to the Unemployment Trust Fund Account.

4/ Represents penalties and interest collected from delinquent employers and transferred to States' special administrative fund.

5/ Includes funds withdrawn from the Unemployment Trust Fund for administration and for restoration of funds made available to the States in 1958 under the Temporary Unemployment Compensation Act of 1958 (TUC).

fiscal year 1968, with all but 12 States reporting increases in benefit payments from the previous year. (See table 3.) In fiscal 1968 benefit payments represented a national cost rate of 0.68 percent of total wages and 1.28 percent of taxable wages, compared with the corresponding figures of 0.67 percent and 1.21 percent a year earlier.

State differences in benefit payments, as well as in other financial developments, were significant in terms of the extent of variations. These reflect not only the varying financing provisions of State law but also the impact of local economic conditions. The significance of State variations in financial developments lies in the context of reserve fund adequacy through their impact on reserves.

Tax collections of $2.6 billion in fiscal 1968 represented a 10.7 percent decrease from the previous year. The amount of tax collections depends on the tax rate schedule used in the rate assignment

TABLE 2. SELECTED FINANCIAL DATA ON STATE UNEMPLOYMENT INSURANCE PROGRAMS, FISCAL YEARS 1968 AND 1967

State	Tax base $3,000 except as shown with effective dates[1]	Cost rate: Benefits as a percent of-- Taxable wages[1]		Total wages		Reserve ratio: Funds available as of June 30, as a percent of-- Taxable wages[1]		Total wages		Highest consecutive 12-month cost rate during last 10-year period as of June 30, 1967 and 1968 (based on total wages)	Reserve ratio as a multiple of highest consecutive 12-month cost rate during last 10-year period as of June 30 (based on total wages)	
		1968[2]	1967	1968[2]	1967	1968[2]	1967	1968[2]	1967		1968[3]	1967
United States		1.28	1.21	.68	.67	6.89	6.28	3.67	3.46	2.05[2/3]	1.79	1.69
Alabama		1.15	.95	.66	.56	5.93	5.54	3.40	3.26	1.93	1.76	1.69
Alaska	$7,200 (1/60)	2.57	2.12	1.98	1.66	[4]/6.16	[4]/6.34	[4]/4.74	[4]/4.96	4.33	1.09	1.15
Arizona	3,600 (1/65)	1.10	1.03	.67	.63	7.62	6.76	4.61	4.16	1.16	3.97	3.59
Arkansas		1.25	1.05	.81	.71	4.03	3.82	2.61	2.57	1.76	1.48	1.46
California	3,800 (1/67)	2.21	2.37	1.24	1.41	5.33	4.32	3.00	2.57	2.26	1.33	1.14
Colorado		.57	.76	.30	.41	5.55	5.39	2.88	2.89	1.26	2.29	2.29
Connecticut	3,600 (1/68)	1.66	1.00	.79	.69	9.86	9.19	4.70	4.51	2.87	1.64	1.57
Delaware	3,600 (1/55)	1.22	1.36	.63	.72	4.49	4.55	2.31	2.41	1.60	1.44	1.51
Dist. of Col.		.88	.78	.43	.39	7.98	7.69	3.92	3.88	.77	5.09	5.04
Florida		.57	.48	.32	.28	5.97	5.65	3.37	3.32	1.13	2.98	2.94
Georgia		.63	.59	.36	.35	8.77	7.86	5.05	4.68	1.59	3.18	2.94
Hawaii	4,600 (1/67)	1.31	1.61	.92	1.13	4.62	4.21	3.25	2.96	1.85	1.76	1.60
Idaho	3,600 (1/63)	1.66	1.68	1.06	1.10	8.75	8.15	5.56	5.34	2.24	2.48	2.38
Illinois		.94	.78	.44	.38	5.32	5.61	2.50	2.72	1.72	1.45	1.58
Indiana		.81	.61	.40	.31	6.28	5.55	3.11	2.83	1.73	1.80	1.64
Iowa		.83	.55	.44	.30	7.71	7.53	4.05	4.06	.97	4.18	4.19
Kansas		.86	.79	.46	.44	7.12	6.35	3.81	3.52	1.37	2.78	2.57
Kentucky		1.23	.98	.69	.57	8.70	7.96	4.87	4.69	2.77	1.76	1.69
Louisiana		1.38	.99	.75	.56	7.23	6.91	3.94	3.90	1.95	2.02	2.00
Maine		1.30	1.16	.78	.72	6.24	6.01	3.73	3.73	2.84	1.31	1.31
Maryland		1.04	.93	.54	.51	8.56	8.15	4.48	4.42	2.19	2.05	2.02
Massachusetts	3,600 (1/62)	1.64	1.59	.93	.93	6.09	5.33	3.47	3.14	2.08	1.68	1.52
Michigan	3,600 (1/63)	1.41	1.31	.72	.68	6.78	[4]/7.32	3.48	[4]/3.82	3.69	.94	1.04
Minnesota	4,800 (1/63)	.76	.64	.51	.45	2.17	1.60	1.45	1.11	1.70	.85	.65
Mississippi		.80	.64	.51	.42	7.54	7.13	4.80	4.69	1.97	2.44	2.38
Missouri		1.03	.89	.52	.46	7.70	7.53	3.86	3.91	1.26	3.06	3.10
Montana		1.42	1.50	.84	.88	5.78	5.38	3.41	3.18	3.03	1.13	1.05
Nebraska		.76	.73	.44	.42	6.15	5.72	3.52	3.28	.98	3.59	3.35
Nevada	3,800 (4/65)	1.87	2.44	1.17	1.54	5.67	5.34	3.54	3.27	2.75	1.29	1.23
New Hampshire		.44	.45	.25	.27	8.03	7.02	4.63	4.22	1.83	2.53	2.31
New Jersey	3,600 (1/68)	2.20	1.91	1.05	.93	7.36	6.58	3.50	3.22	2.63	1.33	1.22
New Mexico		1.44	1.18	.81	.67	7.30	7.20	4.10	4.12	1.64	2.50	2.51
New York		1.65	1.81	.78	.89	9.37	8.64	4.42	4.22	2.18	2.03	1.94
North Carolina		.75	.68	.46	.44	9.06	8.07	5.59	5.16	1.82	3.07	2.84
North Dakota	3,300 (1/68)	1.76	2.08	1.00	1.22	3.26	2.70	1.85	1.59	1.86	.99	.85
Ohio		.73	.70	.35	.34	7.06	6.25	3.34	3.02	2.44	1.37	1.24
Oklahoma		.92	.76	.50	.42	4.30	4.28	2.33	2.39	1.34	1.74	1.78
Oregon	3,600 (1/65)	1.64	1.61	.98	.99	7.13	6.62	4.26	4.06	2.85	1.49	1.42
Pennsylvania	3,600 (1/64)	1.00	.85	.57	.50	6.88	5.52	3.93	3.23	3.02	1.30	1.07
Puerto Rico [5]	2.52	1.92	1.93	1.51	8.93	8.52	6.82	6.70	2.11	3.23	3.18	
Rhode Island	3,600 (1/56)	1.70	1.41	1.05	.90	8.60	7.69	5.27	4.88	2.97	1.77	1.64
South Carolina		.94	.79	.58	.51	7.91	7.08	4.91	4.55	1.36	3.61	3.35
South Dakota		1.22	.67	.70	.40	7.36	6.86	4.25	4.07	1.04	4.09	3.91
Tennessee	3,300 (1/63)	1.10	.85	.68	.54	5.98	5.31	3.70	3.40	2.18	1.70	1.56
Texas		.38	.39	.21	.22	4.74	4.40	2.55	2.47	.98	2.60	2.52
Utah	4,200 (1/64)	1.46	1.35	.97	.90	5.72	5.45	3.81	3.63	1.38	2.76	2.63
Vermont	3,600 (1/64)	1.40	1.08	.89	.72	6.20	5.05	3.94	3.35	2.17	1.82	1.54
Virginia		.33	.33	.19	.19	6.93	6.41	3.98	3.79	.97	4.10	3.91
Washington		1.54	1.32	.76	.68	12.00	10.49	5.96	5.45	2.20	2.71	2.48
West Virginia	3,600 (1/62)	1.14	.82	.67	.49	6.67	6.03	3.89	3.60	2.63	1.48	1.37
Wisconsin	3,600 (1/66)	1.23	1.06	.68	.61	7.71	6.96	4.29	3.98	1.82	2.36	2.19
Wyoming	3,600 (1/68)	.92	1.19	.53	.70	7.58	6.65	4.37	3.94	2.44	1.79	1.61

1/ Taxable wages are those portions of the aggregate wages in covered employment which are subject to State unemployment insurance taxes. The taxable wage base is the first $3,000 of a worker's annual earnings in all States except 22.

2/ Due to a 6-month lag in reporting wages, reserve ratios and cost rates for June 30, 1968 have, as their base, wages for the prior calendar year.

3/ No change in high cost, as between June 30, 1967 and June 30, 1968.

4/ The reserve on which the ratio is based includes the amount advanced from the Federal Unemployment Account and not repaid. See table 1, footnote 1.

5/ Puerto Rico covered under Federal Unemployment Tax Act, January 1, 1961.

TABLE 3. STATE RESERVE RATIO [1/] AS A MULTIPLE OF HIGHEST 12-MONTH BENEFIT COST RATE [2/] DURING THE PRECEDING 10-YEAR PERIOD, AND PERCENT CHANGES IN DOLLAR RESERVES, TAX COLLECTIONS, AND BENEFIT PAYMENTS, FISCAL YEARS 1967–1968

STATE	Reserve ratio as a multiple of highest 12-month benefit cost rate as of June 30, 1967	Percent changes from fiscal years 1967 to 1968			Reserve ratio as a multiple of highest 12-month benefit cost rate as of June 30, 1968 [3/]
		Reserves	Tax collections	Benefit payments	
Minnesota	.65	+ 36	- 1	+ 18	.85
North Dakota	.85	+ 19	- 3	- 17	.99
Michigan	3/1.04	- 9	- 21	+ 6	.94
Montana	1.05	+ 7	+ 3	- 5	1.13
Pennsylvania	1.07	+ 23	- 23	+ 17	1.30
California	1.14	+ 20	- 2	- 9	1.33
Alaska	3/1.15	(4/)	+ 8	+ 25	3/1.09
New Jersey	1.22	+ 12	(4/)	+ 16	1.33
Nevada	1.23	+ 9	+ 9	- 21	1.29
Ohio	1.24	+ 12	- 31	+ 4	1.37
Maine	1.31	+ 6	- 1	+ 11	1.31
West Virginia	1.37	+ 10	+ 4	+ 38	1.48
Oregon	1.42	+ 7	- 7	+ 1	1.49
Arkansas	1.46	+ 5	- 13	+ 18	1.48
Delaware	1.51	- 2	- 8	- 11	1.44
Massachusetts	1.52	+ 13	- 9	+ 3	1.68
Vermont	1.54	+ 22	- 15	+ 28	1.82
Tennessee	1.56	+ 12	- 7	+ 29	1.70
Connecticut	1.57	+ 7	- 4	+ 65	1.64
Illinois	1.58	- 6	- 43	+ 20	1.45
Hawaii	1.60	+ 14	+ 6	- 15	1.76
Wyoming	1.61	+ 15	- 17	- 22	1.79
Indiana	1.64	+ 11	- 6	+ 29	1.80
Rhode Island	1.64	+ 11	(4/)	+ 20	1.77
Alabama	1.69	+ 6	- 10	+ 21	1.76
Kentucky	1.69	+ 7	- 1	+ 23	1.76
U. S. AVERAGE	1.69	+ 9	- 11	+ 5	1.79
Oklahoma	1.78	(4/)	- 23	+ 21	1.74
New York	1.94	+ 8	- 12	- 9	2.03
Louisiana	2.00	+ 4	- 14	+ 38	2.02
Maryland	2.02	+ 4	- 30	+ 10	2.05
Wisconsin	2.19	+ 9	+ 3	+ 14	2.36
Colorado	2.29	+ 3	- 41	- 24	2.29
New Hampshire	2.31	+ 14	+ 1	- 2	2.53
Idaho	2.38	+ 7	- 4	- 1	2.48
Mississippi	2.38	+ 5	- 26	+ 24	2.44
Washington	2.48	+ 13	+ 4	+ 16	2.71
New Mexico	2.51	+ 1	- 8	+ 21	2.50
Texas	2.52	+ 8	- 26	- 3	2.60
Kansas	2.57	+ 11	- 3	+ 8	2.78
Utah	2.63	+ 4	- 1	+ 8	2.76
North Carolina	2.84	+ 12	+ 6	+ 9	3.07
Florida	2.94	+ 6	- 16	+ 19	2.98
Georgia	2.94	+ 11	+ 1	+ 6	3.18
Missouri	3.10	+ 1	- 23	+ 14	3.06
Puerto Rico	3.18	+ 9	+ 8	+ 36	3.23
Nebraska	3.35	+ 8	- 3	+ 4	3.59
South Carolina	3.35	+ 10	+ 1	+ 17	3.61
Arizona	3.59	+ 11	+ 7	+ 6	3.97
South Dakota	3.91	+ 8	+ 3	+ 84	4.09
Virginia	3.91	+ 8	- 10	+ 1	4.10
Iowa	4.19	+ 2	+ 16	+ 51	4.18
Dist. of Col.	5.04	+ 3	- 13	+ 11	5.09

1/ Reserves as percent of total wages.
2/ Benefits as percent of total wages.
3/ The reserve includes the amount advanced from the Federal Unemployment Account and not repaid. See table 1, footnote 1.
4/ Less than 0.05 percent.
5/ No State experienced a change in the highest 12-month benefit cost rate during fiscal year 1968. (See table 2.) Therefore, a State's reserve multiple (reserve ratio ÷ highest cost rate) as between June 30, 1967, and June 30, 1968, moved upward (or downward) solely because their reserve ratio moved upward (or downward).

process and the distribution of taxable wages in each tax rate group. Total collections thus are reflected by the average employer contribution rate and the aggregate amount of taxable wages. Generally lower employer tax rates accounted for the decrease in tax collections, as evidenced by the drop in the national average tax rate (based on taxable wages) from 1.91 percent in calendar year 1966 to 1.61 percent in 1967 and an estimated 1.5 percent in 1968. Aggregate taxable wages in each of these years exceeded those in the preceding year.

In order to gain proper perspective on the growth in reserves and its significance with regard to the financing of the unemployment insurance program, consideration must be given to the recent past trends in the main items of income and outgo, which affect reserves; namely, tax collections, interest earnings, and benefit payments. Thus, a clear and realistic evaluation of the unemployment insurance financial situation includes examining recent developments in a number of factors.

The growth in reserve funds in recent years has been accelerated by the increase in taxable wages (albeit, at a slower rate than total wages) and the increasingly lower levels of unemployment. Some comparative figures may be indicated. On June 30, 1960, reserves stood at $6.7 billion, practically unchanged from the previous fiscal year's balance. It decreased in the following year to $5.7 billion by June 30, 1961. But since that time, there has been an accelerated growth in reserves—dollarwise, to the end of fiscal year 1968 and percent increase, to the end of fiscal year 1966. Growth in reserves can also be measured in relation to wages (preferably *total* rather than *taxable* wages) earned during the year (similarly with benefit expenditures and tax rates). The resulting percentages, or reserve ratios, permit valid comparison over time to take into account changes in wage levels. In this decade, only since 1963 has the reserve ratio moved upward—from 2.86 percent of total wages to an estimated 3.67 on June 30, 1968.

During the 1960's, employer tax collections on a fiscal year basis have increased at a decreasing rate until they reached a record total of $3.1 billion in fiscal year 1966, followed by declines of 5 percent and 11 percent in the succeeding years. The high dollar levels of tax collections have been sustained to a large extent by the growth in payrolls as indicated by the fact that average employer tax rates (based on either taxable wages or total wages) have been decreasing since 1962, although slowly—2.36 percent of taxable wages and 1.39 percent of total wages in calendar year 1962 as against an estimated 1.5 percent and 0.8 percent in 1968.

The level of benefit payment of $2.1 billion in fiscal 1968 was one-eighth below the level for fiscal year 1960 and two-fifths below the decade-high of $3.5 billion in fiscal year 1961. Benefit payments when related to total wages (cost rates) have also declined during most of the 1960's.

Although of secondary importance to tax collections, interest earnings of the reserve funds are becoming of increasing importance. In fact, reserve increases are becoming more and more attributable to interest earnings than to the gap between benefits paid and taxes collected. Interest earnings of $423 million credited to the unemployment trust fund in fiscal year 1968 were one and one-third above those in fiscal year 1960. In recent years, these investment earnings were above the previous year in increasing relative amounts.

There is little to suggest that the substantial growth in total reserves to $11.1 billion on June 30, 1968, means a concomitant improvement in the adequacy of the State funds. Adequacy of State reserves to meet the benefit payments in a prospective recession period has been one of the most crucial problems in the financing of unemployment insurance upon which much attention has been focused over the years.

The adequacy of State reserve funds in relation to potential recession costs may be measured by the reserve ratio (dollar reserves as a percentage of total wages) as a multiple of the highest 12-month cost rate (benefit payments as a percentage of total wages) during the previous decade. A reserve multiple of 1.5 indicates the minimum adequate reserve level necessary to meet the full cost of a recession. Table 3 shows these multiples as of the end of fiscal years 1967 and 1968. On June 30, 1968, 16 States had current reserve funds less than 1.5 times the highest cost rate, while in three of these States the reserve ratio was less than the high cost experience (a multiple of less than 1). Twenty-five States had a multiple of at least 2; 11 States had a multiple of 3 or more; and four States had a multiple of 4 or more.

Insured Unemployment*

As expected during July, insured unemployment showed a moderate rise largely due to filings for benefits by workers ineligible for pay while their plants were closed for vacations. In addition, layoffs at the start of the annual model change period in the automobile industry helped raise the average. The weekly average of insured unemployment in July rose to 991,500, some 12 percent above the previous month, but 16 percent under the average in July 1967. The July 1968 figure is the second lowest weekly average for the month in 15 years, the lowest July average in that period being 947,200 recorded in July 1966. On a seasonably adjusted basis, insured joblessness during July was at a weekly average level of 1,140,100, compared with 1,100,200 in June and 1,381,600 a year earlier.

Insured Joblessness Rate at July Low

The rate of insured unemployment in July moved up from 1.8 percent to 2.0 percent of the covered work force; this was the lowest July rate in the post-war period. A year earlier, the rate was 2.4 percent and 2 years ago, it was 2.1 percent. Seasonally adjusted, the rate at 2.3 percent was up by 0.1 percent over the month. The adjusted rate has shown but little change since the first of the year, varying only between 2.2 and 2.3 percent.

Most States Show June-July Increases

All told, 38 States reported higher over-the-month volumes of insured unemployment during July, with the largest rise being reported in Michigan.

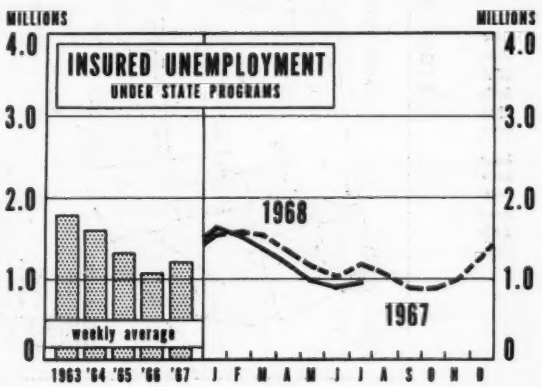
In that State, insured joblessness rose by 20,200 to an average of 67,500, with a considerable portion of this rise being the result of auto model changeover layoffs. Pennsylvania showed an increase of 10,400 to 62,000, primarily due to vacation cutbacks in the apparel industry. Higher volumes were also noted in trade, services, and primary metals industries. In Puerto Rico, joblessness rose by 9,000 over the month, reflecting seasonal cutbacks in the sugarcane industry. Other States showing substantial increases were New York (up by 9,000), Massachusetts (8,200 higher), and Ohio (an increase of 7,200). In New York and Massachusetts, cutbacks in apparel and trade were the major factors, while in Ohio layoffs of auto, machinery, and metals workers added to the total.

Connecticut has an over-the-month rise of 7,300, and New Jersey and Florida each showed gains of 6,800. Florida's increase reflected layoffs at the end of the winter tourist season while in Connecticut and New Jersey, vacation cutbacks were a factor.

The most substantial June–July decline occurred in California, where a drop of 5,500 carried the average to 154,800 (still the highest among the States). A pickup in construction and machinery was in part responsible for the reduction.

Over-the-Year Declines Widespread

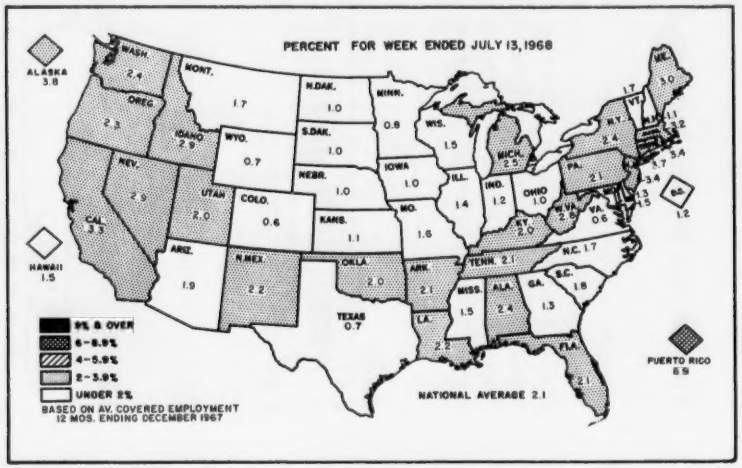
All but seven States reported declines in insured joblessness when compared with a year earlier. The largest declines occurred in the major automobile producing States since the peak of the model changeover came a few weeks later this year than last. New York showed a decline of 31,500, Michigan dropped by 25,500, California by 23,400,



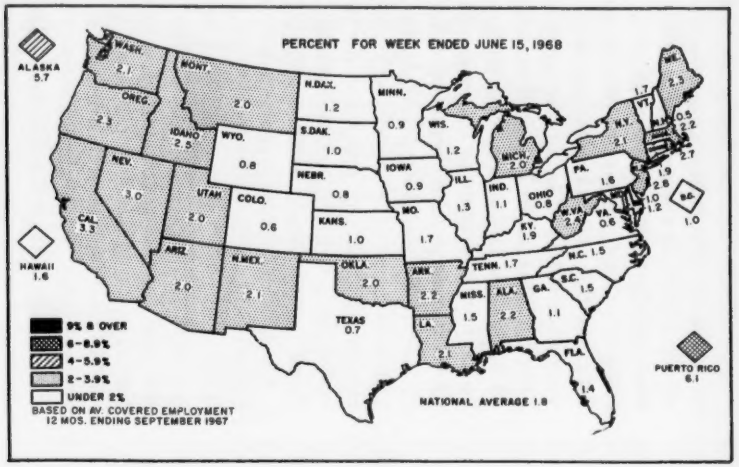
Prepared by Office of Program Reports and Research, Bureau of Employment Security, Manpower Administration.

STATE INSURED UNEMPLOYMENT AS PERCENT OF AVERAGE COVERED EMPLOYMENT

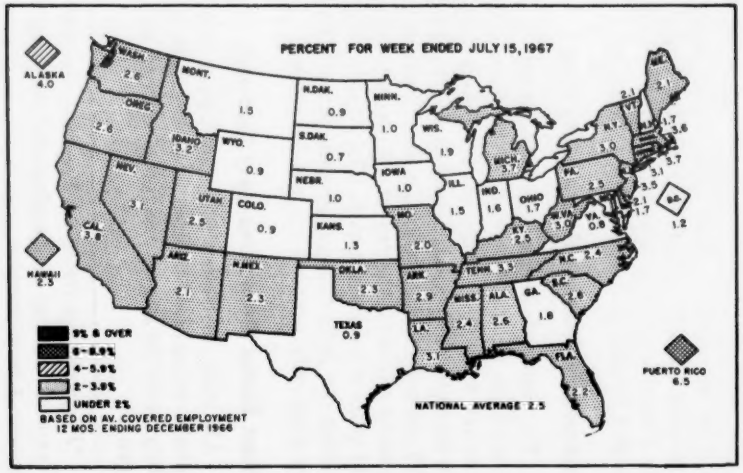
LATEST MONTH



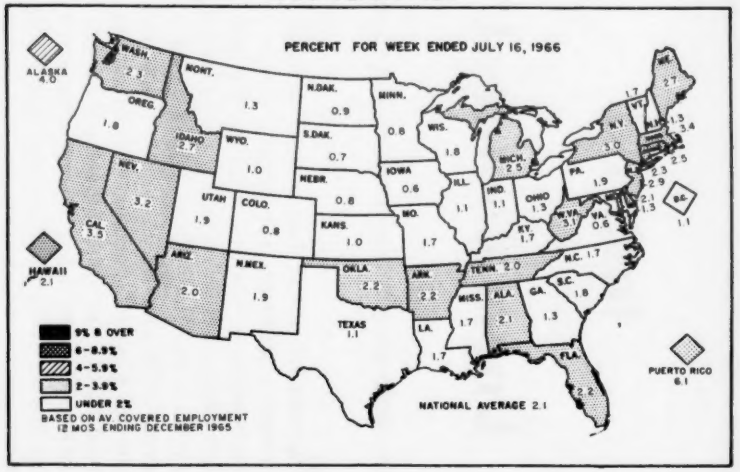
PREVIOUS MONTH



ONE YEAR AGO



TWO YEARS AGO



Week ended—	Initial claims [1]		Insured unemployment [1]	
	1968	1967	1968	1967
June 8	149,400	188,400	921,000	1,038,500
June 15	154,100	176,700	883,200	1,022,800
June 22	152,000	178,000	872,000	1,008,300
June 29	173,700	206,300	857,600	979,600
July 6	266,700	322,900	981,600	1,138,700
July 13	242,600	309,100	1,022,000	1,211,600
July 20	216,800	282,400	974,000	1,184,100
July 27	238,100	243,700	975,000	1,204,600
August 3	236,000	250,400	1,011,700	1,173,500
Weekly averages				
June	157,300	186,300	883,400	1,018,900
July	240,400	287,700	991,500	1,184,200

[1] Refers to State programs.

and Ohio was down by 17,700. New York in addition, had fewer jobless workers from the apparel, trade, and service industries, while California's decline partly reflected the pickup in construction there. In Ohio, greater activity in the metals industry was also a factor.

Connecticut up by 4,200, and Maine, 1,200 higher, were the only States with increases of more than 1,000. Connecticut's increase was centered in the machinery, trade, and services industries.

Rates Vary Widely Between the States

Puerto Rico, with a rate of 6.9 percent, showed the highest rate of insured unemployment during July, followed by Rhode Island's 3.9 percent, Alaska's 3.8 percent, California's 3.2 percent, and New Jersey's 3.1 percent. The lowest rates were the 0.6 percent in Colorado and Virginia. Other States reporting rates of less than 1 percent were Minnesota, New Hampshire, Texas, and Wyoming.

Insured Joblessness Increases Under Federal Programs

Insured unemployment under the UCFE program (covering Federal civilian employment) rose to 20,200 per week during July—some 800 higher than the figure for the previous month and 300 above the year-earlier level. Under the UCX program (covering ex-servicemen) higher numbers of veterans returning from Vietnam pushed the July weekly average to 30,200, compared with 25,500 in June and 23,900 in July 1967.

State Program Initial Claims Show Sharp Rise

Some 1,079,800 initial claims for benefits were filed during July—an increase of 68 percent from the previous month's total. A sharp rise usually takes place between these 2 months, but the latest rise was greater than expected. As a result of the seasonally adjusted weekly average of initial claims in July totaled 223,700, up from the 193,200 in the prior month. A year ago, in July, the weekly average was 269,000. (Transitional claims are excluded from these figures.)

Benefits

An estimated $145.6 million in benefits was disbursed under State programs of unemployment insurance during July—some $16.5 million more than the June figure, and $1.7 million below a year earlier. Under the UCFE program, benefits totaled $3.7 million, compared with $3.6 million in June, while under the UCX program, the benefit total in July was $5.3 million, up from $4.5 million in the previous month.

The average benefit check under State programs

Activity [1]	Number or amount July 1968	Percent change from—		January–July cumulative (in thousands)	
		June 1968	July 1967	1968	1967
Initial claims [2]	1,079,800	+68.3	−11.4	6,430	7,368
Weeks claimed [2]	4,395,300	+19.1	−7.3	37,979	40,707
Insured unemployment (weekly average) [2]	991,500	+12.2	−16.3	1,241	1,348
Beneficiaries (weekly average)	770,400	−3.0	−15.0	1,064	1,154
Benefits paid [3]	$145,566,500	+12.7	−1.2	$1,343,481	$1,384,365
Claimant exhaustions	71,200	+2.1	−3.1	554	530

[1] Data relate to State programs only.
[2] Includes agent State claims taken by the Virgin Islands; also includes data under Puerto Rico sugarcane program.
[3] Monthly data represent gross amount; cumulative data represent net amounts.

for totally unemployed workers was $42.39, up from June by 14 cents and by $2.29 from July 1967. New Jersey paid out the highest average weekly check ($49.86), followed by California ($49.64), Michigan ($49.63), Hawaii ($48.04), and Connecticut ($47.76). The lowest average weekly benefits were the $24.03 in Puerto Rico, $26.64 in Mississippi, and $28.31 in North Carolina.

Exhaustions

During July, 71,200 persons exhausted their benefit rights under State programs—1,400 above the previous month and 2,300 less than the year-earlier number. During the month, the largest numbers of exhaustions were reported in California (10,500), followed by New York (6,500), and New Jersey (5,300).

Trends in the Economy*

The expansion in the Nation's economic activity continued during July. It was apparent that the hoped-for "cooling off" effects of the recently enacted income tax increase were not yet evident. The indicator watched most closely was retail sales, which did not react in classic form to a tax increase. Sales at retail stores soared in July to a record high, with purchases about equally divided between hard and soft goods. Consumers apparently offset the tax surcharge increase by reducing their abnormally high rate of savings, or by borrowing. Personal income moved up at about the same rate as in June, with about a third of the rise attributable to the July wage increase for Federal employees. Industrial production posted another modest advance to a new high, while both new orders and shipments of durable goods moved upward. In the construction area, activity was mixed; new housing starts advanced, but housing permits for future construction declined.

**Prepared by Office of Manpower Research, Manpower Administration.*

Employment developments in July were in accord with the usual monthly expectations. Both the seasonally adjusted civilian employment and unemployment levels showed little change from June. The unemployment rate (seasonally adjusted) eased to 3.7 percent from June's 3.8 percent, but this slight improvement was largely due to the effects of number rounding rather than a brighter unemployment picture.

Business Activities

A small gain in July lifted *industrial production* to a record high for the third consecutive month. The seasonally adjusted index, at 165.3 (1957–59=100), was 0.6 point higher than in the preceding month and 8.7 points above the year-earlier level.

Factory output advanced by 0.5 point to an adjusted 166.7 percent of the base average, with most of the gain stemming from the hard goods sector. Small production gains occurred in nearly every category of durables manufacturing. Iron and steel production rose sharply, as steel users continued to add to strike-hedge inventories. (Approximately 12.2 million tons of steel were poured, compared with 11.9 million tons in June and 9.7 million tons a year earlier.) The transportation equipment group posted a small advance, with a rise in automotive and parts production more than offsetting a decline in aircraft output. (Auto assemblies, after allowances for the model changeover period, continued at June's annual rate of some 9.4 million units. The auto index, rising to 184 percent from 183.5 percent in June, compares with 160.7 percent in July a year earlier.)

Nondurable goods production (seasonally adjusted) also showed a small rise, with most of the

gain attributed to increased output in three categories—chemicals-petroleum-rubber, paper and printing, and textiles-apparel-leather goods; production of foods, beverages, and tobacco declined.

Mining output, led by higher production of crude oil and natural gas, rose by 1.2 points to 129.4 percent, while output of utilities eased by 0.1 point to 197.3 percent of the base average.

New orders for durable goods rose in July, following a decline in June. The volume moved up to a seasonally adjusted $24.9 billion—1.3 percent above June and 5.1 percent higher than a year earlier. June bookings, however, were still considerably lower than the record total of $26.5 billion set in December 1967. Most of the July increase stemmed from the aerospace industries, where defense-oriented orders climbed by some $500 million to $3.6 billion. A small decline—about $200 million—occurred in the machinery and equipment industry group; a decline in this category (which is considered a significant guide to capital-outlay plans) suggests that nondefense orders may be leveling off, or retrenching. The July decline was the first reduction in this category since last March.

Factory shipments of durable goods in July climbed by 3.5 percent to $26.3 billion (seasonally adjusted); a year earlier, the volume was $23.2 billion. Shipments of machinery and primary metals moved up slightly, while those of transportation equipment were unchanged.

Since the shipment gain was higher than the increase in new orders, the *backlog of durable goods orders* fell by 1.7 percent to $78.8 billion—$900 million below a year earlier. Much of the decline over the month reflected a drop in primary metals backlogs, as large volumes of metals were shipped to steel users for strike-hedge-inventory purposes; such shipments can be expected to decline sharply in August.

Personal income, aided by a large advance in government payrolls, rose by $5.5 billion in July to a seasonally adjusted annual rate of $689.2 billion. The size of the gain matched the June increase, but in that month, nearly three-fourths of the rise was in the private sector. In July, however, private payrolls were up by only $1.5 billion to an annual rate of $368 billion. This lesser rate of advance largely reflected a standstill in the distributive industries, where payrolls, at $180.8 billion, were unchanged after a $2.5 billion rise in the previous month. (The distributive industries include trade, transportation, communications, and other public utilities.) In the commodity-producing and service industries, payrolls rose by almost $1 billion, with most of the gain in factory payrolls. Here, wages and salaries rose by $700 million to $146.3 billion, as employment and average earnings increased and hours worked showed little change. The rise was particularly strong in durable goods industries, most notably in transportation equipment and machinery.

Government payrolls rose by about $2 billion, with 75 percent of the rise directly attributable to the second stage of the Federal pay increase passed by Congress last year and effective July 1 of this year. The remainder of the increase stemmed from the continuing expansion in State and local government payrolls. Most nonwage income categories—proprietors' income, rental income, dividends, interest, and transfer payments—showed slight gains, with the cummulative advance totalling $2 billion.

Retail store sales surged in July to a seasonally adjusted record level. At $29.1 billion, they were $800 million higher than in June and nearly $3 billion above the level of July 1967. The over-the-month gain was split about equally between hard and soft goods sales. The $9.6 billion durables sales were up by $437 million from June, while those of nondurable items rose $400 million to $19.5 billion.

Most industries were represented in the July sales spurt. (Seasonally adjusted totals were not yet available for July, but the unadjusted figures showed advances in seven of the nine major groups.) The automotive group led the field, with the higher sales reflecting bargain buying at the end of the model year. The only declines (and these were modest) occurred in the general merchandise and the apparel groups.

Housing starts rebounded strongly in July after the previous month's slump. At a seasonally adjusted annual rate of 1.5 million units, private housing starts were 14 percent above June's 1.3 million pace and 12 percent higher than the 1.4 million unit rate of July 1967. With the exception of the West, all regions of the country showed a higher number of new starts. The largest gain occurred in the Northeast—an increase of almost 80 percent. Small but still significant increases were registered in the north-central and southern areas.

Starts of single-family homes were markedly higher over the month; those for units housing five or more families also rose substantially. The only decline (and this was nominal) occurred in the two- to four-family category.

In the 6-month period ending July 1968, the average of the seasonally adjusted annual rates of private housing starts was 3 percent higher than the average for the preceding 6-month period a year earlier.

Housing permits for future construction were issued at a 1.2 million annual rate in July, down from the 1.3 million rate in June, but almost 100,000 ahead of the year-earlier number. Most of the July decline stemmed from fewer permits for larger apartment buildings (housing five or more families). The rate for single-family homes was a shade higher than in the preceding month, while that for units housing two to four families was moderately below the June figure.

The consumer price index (1967–69=100) rose in July by 0.5 percent to 121.5—the 18th consecutive monthly advance. On an annual basis, the index was climbing at a 6-percent rate. Compared with a year earlier, the index was up by 4.3 percent. The rise this July was attributable to rapidly mounting mortgage interest and medical-care charges, as well as higher prices for most other consumer items. About 1 million workers will receive cost-of-living pay boosts based on the July price increase.

Employment Developments Show Only Seasonal Change

Total civilian employment rose about as expected in July, moving up by 473,000 to 77.7 million. All of the over-the-month advance was in the nonfarm sector, where jobs increased by some 513,000 to 77.3 million; in the farm sector, however, employment declined by some 40,000 to 4.5 million. Compared with a year earlier, total employment was some 1.5 million higher, with nearly three-fifths of the increase among adult women.

On a seasonally adjusted basis, *nonagricultural payroll employment* increased 159,000 in July to a record high of 68.2 million. Three-fifths of the rise occurred in nonmanufacturing industries, with retail trade and State and local governments showing the largest increases—32,000 and 28,000, respectively.

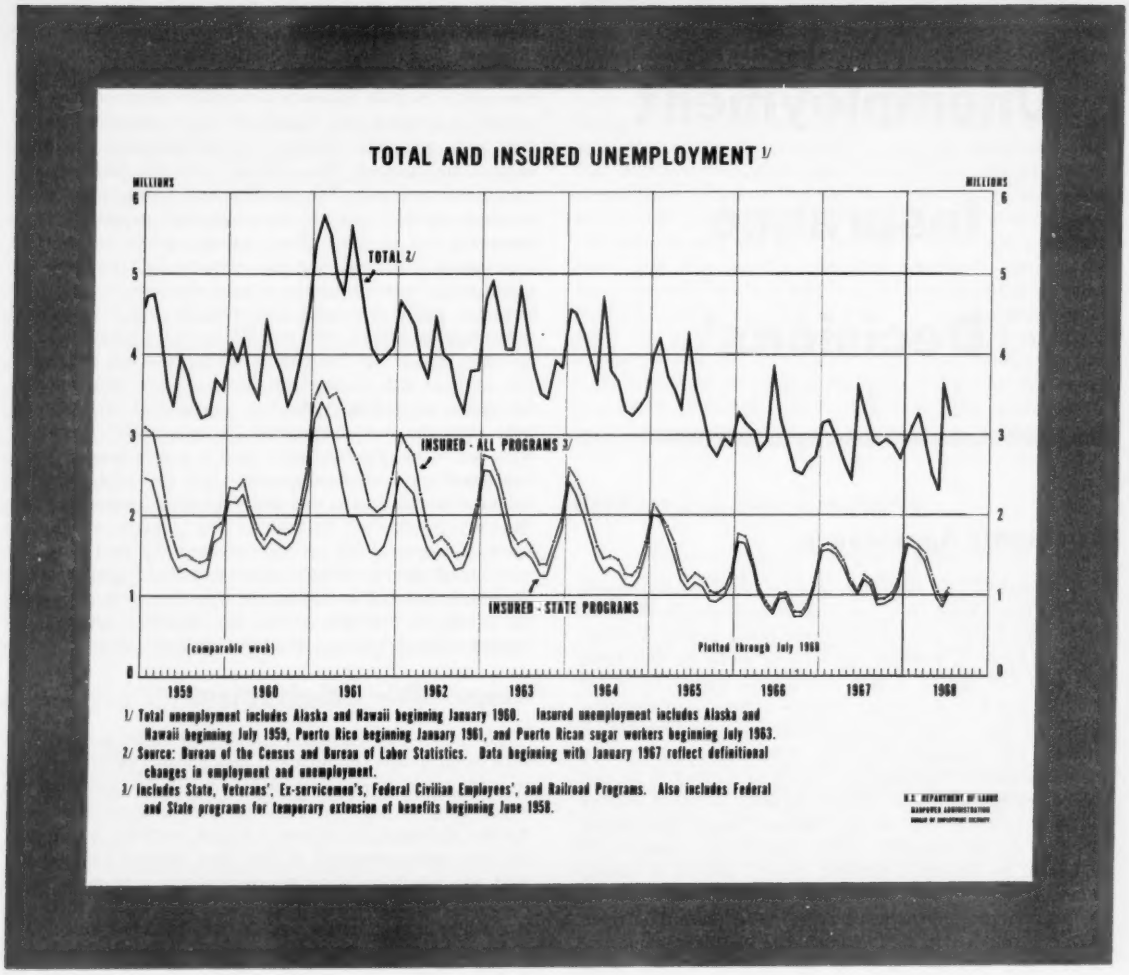
Manufacturing employment rose by 63,000 to a seasonally adjusted 19.8 million. All of the increase occurred in the durable goods industries, notably in transportation equipment where auto employment was higher than expected for this time of year. Overall durable goods employment rose by some 70,000, led by transportation equipment (48,000) and electrical equipment (12,000). Employment in other hard goods industries was close to seasonal expectations. In the nondurable goods industries, where net employment dropped by 7,000, the declines were small; apparel reported a reduction of 4,000, and the food, textiles, and leather industries posted declines of 2,000 each.

Compared with July a year earlier, nonfarm payroll employment was 2.2 million higher. Three-fourths of the rise was in the service-producing sector where large increases were reported in State and local governments (522,000), trade (484,000), service (447,000), and finance-insurance-real estate (125,000). The 529,000 increase in factory jobs was almost equally distributed between the hard goods and soft goods sectors. The largest increases were in transportation equipment (145,500), rubber products (77,500), textiles (42,300), electrical equipment (40,800), apparel (34,000), and fabricated metal products (33,600). Of the 20 industry groups in the manufacturing sector, only three reported less employment than a year earlier: nonelectrical machinery (24,500), tobacco (1,200), and instruments (700).

The *average workweek* in manufacturing declined to 40.7 hours from 41.1 in June and overtime hours eased to 3.5 hours from 3.7 hours. Since the *average hourly earnings* of factory workers remained at $3 in July while overtime hours declined, *average weekly earnings* moved down by $1.20 to $122.10; this compares with $113.65 a year earlier.

Unemployment Changes Also Mostly Seasonal

Total unemployment declined about seasonally in July, moving down by nearly 400,000 to 3.2 million. Three-fourths of the jobless decline was among teenagers. Included in the jobless count this July were some 921,000 adult men, 994,000 adult women, and 1.3 million teenagers. Compared with a year earlier, unemployment was only 33,000 lower; a decline of 130,000 among adult men and women was partially offset by an increase of 98,000 among teenagers.


TOTAL AND INSURED UNEMPLOYMENT 1/
MILLIONS
MILLIONS
6
5
4
3
2
1
0
TOTAL 2/
INSURED - ALL PROGRAMS 3/
INSURED - STATE PROGRAMS
(comparable week)
Plotted through July 1968
1959
1960
1961
1962
1963
1964
1965
1966
1967
1968
1/ Total unemployment includes Alaska and Hawaii beginning January 1960. Insured unemployment includes Alaska and Hawaii beginning July 1959, Puerto Rico beginning January 1961, and Puerto Rican sugar workers beginning July 1963.
2/ Source: Bureau of the Census and Bureau of Labor Statistics. Data beginning with January 1967 reflect definitional changes in employment and unemployment.
3/ Includes State, Veterans', Ex-servicemen's, Federal Civilian Employees', and Railroad Programs. Also includes Federal and State programs for temporary extension of benefits beginning June 1958.

The seasonally adjusted unemployment rate in July eased to 3.7 percent from 3.8 percent in June. The slight decline reflected in large part a numerical rounding; basically the unemployment picture showed no significant improvement over the month. The jobless rates for nearly all groups of workers showed only minor fluctuations from the June figures. The July rate for adult men moved down to 2.2 percent from 2.3 percent, while that of adult women rose to 3.9 percent from 3.7 percent; the teenage jobless rate held steady at 13.6 percent. The rate for whites remained unchanged at 3.3 percent, but the rate for nonwhites declined to 6.9 percent from 7.2 percent.

During the past few months, unemployment has worsened among some workers, most notably among the less skilled in construction, agriculture, and the service industries. The unemployment rate for nonfarm laborers moved from 6.5 percent in April and May to 8.5 percent in July. The rate for service workers, which fluctuated between 4.0 and 4.5 percent during the spring exceeded 5.0 percent in both June and July.

Unemployment Insurance Decisions*

Authentic Appearance

California.—The claimant, a line truck driver, drove regular round trips from Los Angeles to Portland, stopping at Portland and en route at three other places. He was paid up to $8.32 a night for lodging while on the road, but was required to submit receipts for money spent for lodging and also to submit expense claims with certification that the claims were based on expenses actually incurred. The claimant regularly submitted claims for reimbursement to the employer which purported to be cost of lodging but which he had not actually incurred because he slept at some stops in the "sleeper" cab of his vehicle. To provide the employer with evidence of expenses for lodgings, he bought a printed receipt pad at a variety store. To make the false lodging receipts look authentic he also bought and used a rubber "paid" stamp on them. After a round trip to Portland, the claimant submitted a falsified expense claim to the employer's new traffic manager. The traffic manager called the claimant to the office, remarked "these motels are too much!" and discharged the claimant. The employer reported the claimant was discharged for falsification of records. The claimant testified it was common practice for his employer's line drivers to submit similarly falsified expense claims, and the new traffic manager had been the first to question his claim for expenses. His union representative had told him how to fix his reports. The referee held the claimant was discharged for misconduct connected with his work. His contention that the employer condoned such action was outweighed by the fact that he was actually discharged on presentation of a false claim. (Case No. BN–5174, affirmed by Appeals Board Case No. 68–2155, July 9, 1968.)

**Prepared in Division of Determinations and Hearings, Office of State Operations, Unemployment Insurance Service, Bureau of Employment Security.*

Unreasonable Reaction

California.—While preparing a window display, the claimant, a display associate or window trimmer, was disturbed by a drunk who wanted to talk to her about credit. This man was later referred to the manager who took care of the matter. The claimant told the manager she would not return to the window and finish the display unless a curtain was put up to prevent passersby from observing her at work. The manager would not provide the curtain requested, and the claimant left the store 1½ hours early without telling anyone she was leaving. The employer called her home that evening, but her husband answered the phone, and she did not return the call. On Monday, which was the next workday, she did not report for work or call to offer an excuse. When she reported for work on Tuesday she was discharged. The referee held that she was discharged for misconduct connected with her work. He concluded that her reluctance to continue making a window display after the unpleasant incident with the drunk was understandable, since this was the only incident of its kind in her 11 years of employment. However, it did not provide her with good cause for walking off the job without notice and for failure to return the employer's call to notify him that she could not report for work on Monday. (Case No. S–18408, affirmed by Appeals Board Decision Case No. 68–2095, July 9, 1968.)

Responsible Employment

Missouri.—The claimant and her husband worked in a shoe factory, and the husband was notified of his transfer to a branch factory in the State of Illinois. Although the supervisors of both factories tried to find suitable work for the claimant at the new location, no work was found, but the superintendent of the shoe factory assured her that she would be hired whenever there was work available for which she was qualified. The claimant then quit her job as a shoe cutter and accompanied her husband to Illinois, where she looked for work as a nurse aide and as a sales clerk. The appeals referee allowed benefits. He held that, while the claimant quit her job voluntarily, the reason for her separation from work was connected with and caused by the action of their mutual employer in transferring the claimant's husband to the State of Illinois. Under these circumstances, the referee concluded that the claimant left her work with good cause attributable to her employer and that she is not disqualified for benefits. (No. A–1379–68, May 20, 1968.)

One for All

North Carolina.—The claimant, a chicken drawer, worked on a processing line with two chicken drawers who were not able to draw their share of the birds being processed. The supervisor instructed the claimant to draw the chickens which the other drawers missed. She refused and as a result she was discharged. The appeals deputy concluded her employer was not unreasonable in requesting her to help those individuals who were less experienced and who were not as efficient in their job performance as she. Her discharge was for misconduct

connected with her work. (Docket No. 39532–AT–68, Aug. 8, 1968.)

Dynamite Digger

Oregon.—The claimant was employed by a construction company as a backhoe operator. In this job he was required at least once a week to dig out dynamite which had not detonated. He was not a powderman, but he had worked with dynamite on several power line construction jobs, and knew when charges were being properly set and how they should be wired, particularly in wet working conditions. On this job he observed the powderman improperly setting the charges and laying and connecting the detonator wires. This resulted in many instances when the dynamite failed to explode. He complained to the foreman, the superintendent, and one of the owners. Each one promised him there would be changes, but there was no improvement. The claimant decided, digging up unexploded dynamite which could go off at any time was too hazardous for him and quit. The referee held the claimant voluntarily left his work with good cause. The cause was judged to be valid because of the unnecessary hazard resulting from attempts to correct the work of another employee which made the work unsuitable for the claimant, and because his several complaints to supervisors led to no improvements. (No. 68–1411, affirmed by Board of Appeals Decision No. 68–AB–87, May 10, 1968.)

It Started With a Joyride!

Texas.—The employer dispatched a truck driver to operate a water truck to wet down a race track. A coworker, employed as a tool pusher, was off duty and driving in the races. Following the races the truck driver, while joyriding with the tool pusher's two children and one of his own in the company truck, was involved in a wreck. The three children required extensive medical treatment, and damage to the employer's vehicle amounted to about $1,000. Both claimants were allowed to continue working without threat of discharge for almost 5 months, at which time the employer was notified the claimants were filing suits for damages for the injuries incurred by their children in the accident. Both men were discharged when they refused to withdraw the suits. The employer contended that the tool pusher allowed his children to ride in the company truck knowing that it was against company policy and regulation, and the truck driver wilfully allowed the children on the vehicle, and that both claimants were guilty of misconduct connected with the work. The employer explained that he permitted the claimants to continue working because they had group insurance through his firm, and in view of the extensive medical expenses he did not discharge them until they filed the suits. The appeals referee granted benefits to both claimants. He held that the employer had condoned their misconduct by allowing them to work for an extended period after the accident and until the suits were filed. Their discharge was not because of their involvement in the truck wreck but because of the filing of suits for damages. Since both claimants were within their legal rights to file suits, their discharges were not for misconduct connected with the work. (No. 2801–2802–AT–68, Apr. 23, 1968.)

Broken Leg Not Disabling

Vermont.—The claimant had been employed as a meat cutter. He broke his leg in a skiing accident and was placed on sick leave by his employer until such time as he would be able to return to work. A month later his physician signed a medical report showing that the claimant could not perform the duties of a meat cutter for approximately 6 months, but could perform work on a full-time basis typing or doing clerical or cashier work. The claimant had experience as an insurance rater, bartender, and as a general office worker. He was willing to accept work as a general office clerk or bartender in a service bar at the prevailing wage. The referee pointed out that the claimant did not leave his employment voluntarily without good cause attributable to the employing unit but was on sick leave until such time as he was able to return to work. He was held to be able to work and available for work in view of his physician's certification, his willingness to accept work for which he was qualified at the prevailing wage, and the existence of a substantial amount of such work within his labor area. (No. 5590E, May 13, 1968.)

Selected Unemployment Insurance Statistics, State Programs, July 1968

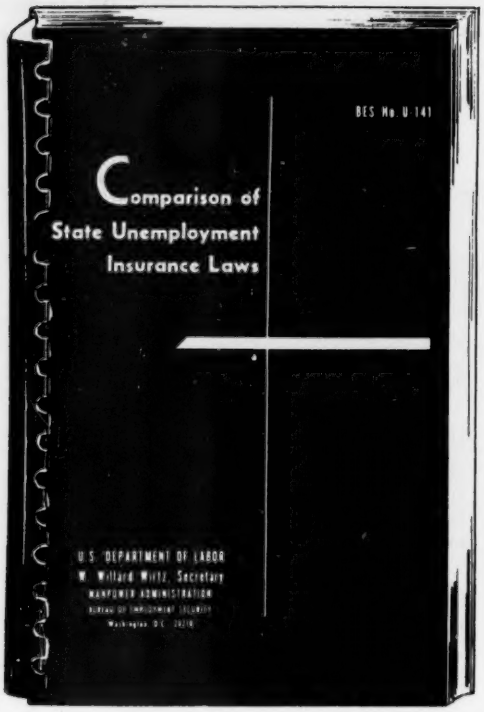
State	Initial claims received 1/ 2/	Weeks claimed 2/	Number of insured unemployed (weekly average) 3/	Number of beneficiaries (weekly average) 3/	Average weekly payments for total unemployment	Number of final payments 4/	Benefits paid 5/	12 months ending July 1968 (in thousands)		Funds available July 1968 7/ (in thousands)
								Benefits paid 6/	Collections and interest	
Total	8/1,079,760	8/4,395,256	8/991,470	770,359	$42.39	71,175	$145,566,545	$2,051,454	$3,050,474	$11,184,998
Alabama	11,906	78,024	16,561	12,459	33.29	1,473	1,879,797	23,004	29,463	117,570
Alaska	1,337	8,396	1,698	1,602	44.16	158	367,424	9,462	12,402	10/ 80,678
Arizona	5,176	27,825	5,812	4,639	37.56	550	792,072	12,192	21,545	85,895
Arkansas	6,597	33,088	7,080	4,959	31.39	823	698,233	13,335	15,462	44,158
California	131,633	782,106	154,769	139,039	49.64	10,471	309,938,808	417,569	598,408	1,011,707
Colorado	3,156	10,905	2,679	1,585	45.74	181	324,957	7,481	10,123	73,187
Connecticut	45,958	111,005	25,086	22,128	47.76	1,740	4,741,088	48,691	66,710	283,008
Delaware	7,865	11,890	2,986	2,320	45.98	172	460,858	6,383	6,297	24,488
Dist. of Col.	8,417	18,729	4,106	3,627	45.48	230	755,192	8,093	10,305	78,668
Florida	23,017	112,134	24,968	17,102	31.67	2,343	2,449,121	22,318	35,088	230,857
Georgia	10,608	56,927	11,443	7,968	34.79	1,584	1,822,394	18,684	45,858	267,058
Hawaii	1,875	14,867	3,208	2,686	44.04	210	576,974	8,529	12,883	32,093
Idaho	2,877	19,694	4,067	2,756	37.99	268	464,993	7,385	9,892	39,084
Illinois	39,611	190,976	41,614	34,653	42.40	3,598	6,601,524	94,447	59,449	525,734
Indiana	23,492	69,821	18,367	13,401	37.05	1,785	2,855,794	34,148	61,719	266,564
Iowa	6,397	27,889	5,966	4,305	41.82	627	789,501	13,985	16,942	127,994
Kansas	3,499	19,993	4,452	3,453	42.14	355	659,448	10,535	19,609	88,580
Kentucky	10,980	51,262	11,341	7,919	37.22	896	1,330,201	21,421	30,993	158,511
Louisiana	11,486	65,652	14,777	12,721	37.33	1,491	2,145,538	30,150	36,374	161,978
Maine	8,311	27,162	5,893	3,857	37.28	317	623,622	8,835	10,795	42,812
Maryland	13,753	49,866	11,974	10,737	41.34	874	1,975,508	27,438	37,098	224,105
Massachusetts	47,012	204,763	45,380	36,211	43.22	2,878	6,899,255	93,538	135,780	348,903
Michigan	108,392	237,855	67,464	39,136	49.63	3,486	8,803,355	115,891	148,858	10/ 855,632
Minnesota	6,150	35,728	8,087	6,540	38.62	857	1,138,302	26,536	47,249	78,962
Mississippi	4,736	25,618	5,371	3,784	26.64	552	456,401	8,279	12,115	80,369
Missouri	24,305	80,106	17,944	11,819	40.38	1,156	2,048,130	35,935	40,805	274,305
Montana	1,375	8,840	1,892	1,701	31.44	274	248,331	5,347	6,817	21,933
Nebraska	2,291	10,590	2,683	2,191	36.81	315	366,248	6,188	9,569	49,913
Nevada	3,074	15,838	3,758	3,106	43.07	364	605,017	9,816	12,203	30,282
New Hampshire	2,680	6,417	1,381	674	37.39	0	111,536	2,354	7,640	44,333
New Jersey	56,388	257,835	56,830	52,707	49.86	5,317	11,717,848	131,951	165,292	426,850
New Mexico	2,912	16,271	3,678	3,098	33.14	265	463,244	7,588	7,803	38,393
New York	146,768	588,421	126,647	106,297	43.16	6,480	19,976,160	283,036	407,040	1,628,628
North Carolina	21,382	85,741	19,343	15,946	28.31	1,425	1,988,849	26,175	62,289	331,504
North Dakota	440	3,931	814	723	36.24	74	119,486	4,011	5,269	8,014
Ohio	41,057	127,491	29,996	18,638	41.96	1,511	3,537,158	62,357	134,284	622,581
Oklahoma	5,740	40,035	8,624	5,795	30.59	721	803,616	12,316	12,486	57,879
Oregon	9,937	50,083	10,667	8,542	37.63	836	1,452,132	27,800	35,794	123,640
Pennsylvania	79,053	279,531	62,003	48,357	40.12	2,305	8,351,037	112,463	256,368	771,357
Puerto Rico	8/27,700	8/108,609	8/29,578	12,000	24.03	3,509	1,382,948	9/22,196	28,873	77,215
Rhode Island	15,029	46,500	10,733	8,841	42.62	650	1,686,219	15,275	22,712	76,323
South Carolina	9,374	42,010	9,621	6,821	32.94	956	1,012,076	15,195	28,162	138,041
South Dakota	575	4,134	850	566	31.42	98	77,651	3,026	2,927	17,767
Tennessee	12,728	76,769	16,301	12,475	32.39	1,741	1,827,535	30,266	48,673	169,541
Texas	14,141	70,948	16,673	13,013	35.83	1,707	2,089,285	27,096	52,764	333,564
Utah	2,650	19,050	4,003	3,054	38.53	323	532,102	10,638	12,504	44,457
Vermont	1,345	6,316	1,532	1,249	40.25	108	280,369	4,630	8,148	21,596
Virginia	5,426	21,586	5,127	3,750	31.93	597	547,477	8,883	23,192	189,611
Washington	24,360	82,903	18,976	10,990	33.41	1,038	1,668,677	39,777	75,390	315,613
West Virginia	8,741	40,942	9,088	6,622	29.35	641	868,371	14,461	21,489	84,744
Wisconsin	27,604	76,068	17,111	11,438	46.58	806	2,382,430	43,697	68,183	289,333
Wyoming	390	2,307	473	358	38.29	39	58,265	1,772	3,653	14,994

1/ Excludes transitional claims.
2/ Total includes claims taken as agent State by the Virgin Islands.
3/ Weekly data are adjusted for split weeks in the month on the basis of a 5-day work week.
4/ A final payment is the payment for the last week of compensable unemployment in a benefit year, and indicates the exhaustion of benefit rights by a claimant for that benefit year. Because of the time lapse between the actual week in which the unemployment occurs and the date on which final payment is made the monthly total includes some claimants who exhausted their rights in the preceding month but received their final payment in the reported month, and excludes some claimants who exhausted their rights in the reported month but will not receive their final payments until the succeeding month. Workers who exhaust their rights may be entitled to additional benefits when the following benefit year begins. The number of exhaustions is not indicative of the number who are still unemployed as some will have obtained employment and others may have withdrawn from the labor force.
5/ Unadjusted for voided benefit checks and transfers under interstate combined-wage plan. Includes $144,012 in payments under extended duration provisions of State laws in two States: Alaska $45,725 and Puerto Rico $98,287.
6/ Adjusted for voided benefit checks and transfers under interstate combined-wage plan.
7/ Includes amount credited to States' accounts in the unemployment trust fund, less withdrawals by the States, under the provisions of the Employment Security Administrative Financing Act of 1954.
8/ Includes data under the program for Puerto Rican sugarcane workers.
9/ Includes payments made under State temporary extended benefit provisions.
10/ Funds available reflect an advance from Federal account in Unemployment Insurance Trust Fund.

Selected Unemployment Insurance Statistics, Federal Programs,[1] July 1968

State	UCFE					UCX				
	Initial claims received [2]	Weeks claimed	Number of beneficiaries (weekly average)	Benefits paid [3]	Average weekly payments for all unemployment [4]	Initial claims received [2]	Weeks claimed	Number of beneficiaries (weekly average)	Benefits paid [3]	Average weekly payments for all unemployment [4]
Total	11516	91836	18042	$3679291	$44.16	28030	132380	25220	$529814.6	$45.65
Alabama	378	3091	553	92869	36.48	437	2625	511	91888	39.08
Alaska	127	1398	346	83216	39.14	46	249	59	15670	48.36
Arizona	251	1720	305	54917	34.83	356	1519	280	53463	41.48
Arkansas	83	820	101	16128	34.83	215	1181	184	33106	39.09
California	1653	17201	3348	797305	51.78	5090	29038	5661	1310566	50.33
Colorado	155	699	125	28459	49.49	252	873	154	35150	49.51
Connecticut	72	593	98	23206	51.57	421	1538	300	64934	46.99
Delaware	24	155	19	4188	48.70	86	303	54	11948	48.18
Dist. of Col.	269	3528	874	208913	51.98	155	781	161	37341	50.32
Florida	280	1525	190	29864	34.09	514	2105	360	63337	38.20
Georgia	250	2188	387	73399	41.26	386	2103	386	77090	43.41
Hawaii	106	1321	329	86041	56.87	136	948	189	49050	56.31
Idaho	34	254	42	8289	43.40	80	434	80	16836	45.50
Illinois	424	3326	655	119089	39.54	1293	3409	562	106075	41.02
Indiana	116	509	100	15610	34.01	642	2120	391	70733	39.34
Iowa	37	227	42	8586	44.72	186	941	185	41651	49.00
Kansas	85	538	96	19479	44.27	148	584	111	24392	47.64
Kentucky	197	1946	427	77910	39.67	520	3558	717	146121	44.29
Louisiana	170	1379	230	39930	37.71	408	2701	545	106701	42.58
Maine	59	431	77	13341	37.58	124	487	79	16139	44.34
Maryland	184	938	207	40661	42.76	509	1410	334	71580	46.60
Massachusetts	346	5166	1260	277618	47.88	622	3129	678	148678	47.70
Michigan	194	1615	345	72150	45.43	1604	5372	1013	207813	44.58
Minnesota	74	470	132	26118	43.10	896	1553	392	79707	44.23
Mississippi	99	1064	222	27412	26.90	128	651	118	16188	29.76
Missouri	286	1531	346	62148	39.09	697	2658	529	112351	46.16
Montana	63	341	67	10025	32.44	79	391	89	13768	33.57
Nebraska	27	240	64	10878	36.87	62	291	68	12750	40.87
Nevada	51	358	60	11784	42.70	119	461	100	20207	43.83
New Hampshire	11	63	7	1391	43.47	71	170	26	5821	49.33
New Jersey	299	2237	366	93076	55.24	962	7085	1348	355599	57.35
New Mexico	174	923	187	31410	36.61	198	1113	265	46360	38.06
New York	598	5377	998	193443	42.12	2079	8732	1516	311599	44.69
North Carolina	238	1893	382	59074	33.60	333	1523	290	53540	40.13
North Dakota	44	289	48	8652	39.33	65	405	76	15639	44.81
Ohio	209	1328	283	56157	43.07	1368	4396	600	125114	45.36
Oklahoma	174	2192	390	61995	34.60	194	1692	284	47153	36.13
Oregon	102	875	167	29542	38.57	329	1490	333	68126	44.50
Pennsylvania	476	5894	1174	253094	46.87	2137	9209	1718	381731	48.30
Puerto Rico	43	316	88	11670	29.95	269	3062	577	80507	30.31
Rhode Island	37	819	177	40717	49.90	173	710	151	32742	47.25
South Carolina	136	733	138	23394	36.78	261	1296	234	45406	42.12
South Dakota	104	545	91	15251	36.40	52	266	44	7552	37.02
Tennessee	372	2519	544	98886	39.52	577	3951	820	148911	39.49
Texas	423	2754	619	111582	39.17	815	3692	839	164634	42.67
Utah	275	2576	487	102259	45.67	152	1109	203	41915	44.88
Vermont	17	113	17	3515	45.06	43	150	31	6399	45.06
Virginia	106	799	132	22463	36.95	250	672	118	21368	39.42
Virgin Islands	0	0	0	31	31.00	1	20	5	1122	46.75
Washington	1417	3765	485	83756	37.53	1165	2662	379	68579	39.35
West Virginia	48	343	67	7549	24.57	461	2825	575	104771	39.58
Wisconsin	115	840	137	28536	45.37	435	2579	471	103225	47.61
Wyoming	10	83	13	2315	37.95	29	158	25	5106	44.02

1/ The programs for Federal civilian employees (UCFE) and for ex-servicemen (UCX), established under Title XV of the Social Security Act, (now 5 U.S.C. 8501 et seq.) became effective January 1, 1955 and October 27, 1958, respectively. Data exclude information on claims filed jointly with State unemployment insurance programs.
2/ Includes transitional claims.
3/ Unadjusted for voided benefit checks and transfers under interstate combined-wage plan.
4/ Includes data for total, part-total, and partial unemployment. Separate data for total unemployment are not available.



Comparison of State Unemployment Insurance Laws **summarizes and compares significant provisions of unemployment insurance laws of the 50 States, District of Columbia, and Puerto Rico. The *looseleaf* format permits outdated pages to be removed easily and replaced by pages with current data in January and August of each year.**

Gives information on employer and employee coverage, financing methods, benefit payments, eligibility requirements, and administrative organization. Includes rules, regulations, opinions of attorneys general, or court decisions that implement State statutes, with notes indicating their source. Provides factual information, by State, including tabulations.

Compares the laws of States which provide benefits for unemployment due to nonoccupational disability.

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Unemployment Insurance Review

NOTES

NOTE.—A separate monthly report, *Unemployment Insurance Statistics*, provides more detailed data on unemployment insurance activities. Copies of this report are available without charge. All requests should be directed to the attention of the Inquiry Section at the Office of Information, Manpower Administration, U.S. Department of Labor, Washington, D.C. 20210.

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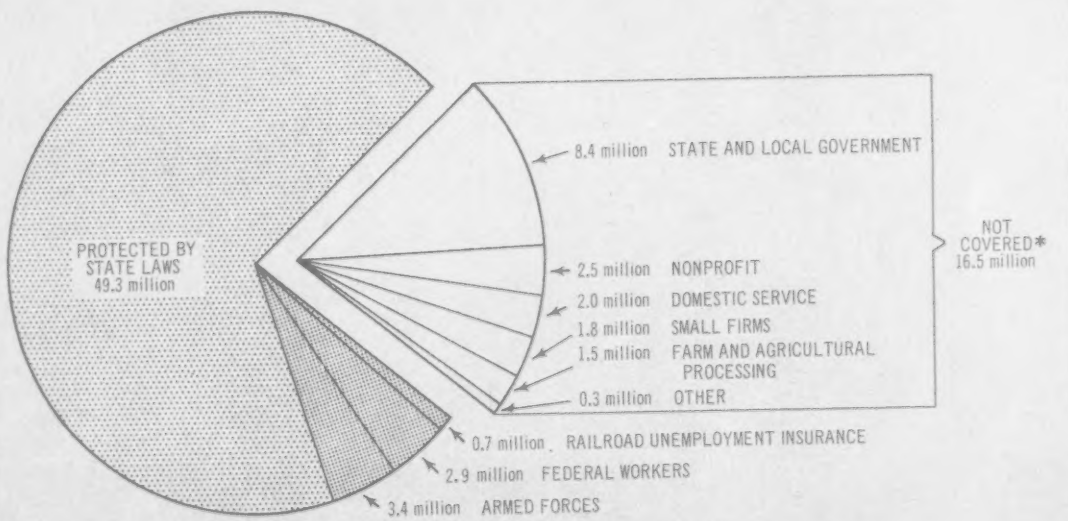
UNEMPLOYMENT INSURANCE COVERAGE OF WAGE AND SALARY WORKERS

(1967 Estimates)


PROTECTED BY STATE LAWS 49.3 million
8.4 million STATE AND LOCAL GOVERNMENT
2.5 million NONPROFIT
2.0 million DOMESTIC SERVICE
1.8 million SMALL FIRMS
1.5 million FARM AND AGRICULTURAL PROCESSING
0.3 million OTHER
NOT COVERED* 16.5 million
0.7 million RAILROAD UNEMPLOYMENT INSURANCE
2.9 million FEDERAL WORKERS
3.4 million ARMED FORCES

*Includes clergymen and members of religious orders, student nurses, interns, and students employed in schools where enrolled.

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